Unlock your potential

2022

Group Remuneration Policy and Report

Empowering
Communities to Progress.

UniCredit

Contents

Letter from the Chairwoman

“On the back of the 2022-24 Strategic Plan *UniCredit Unlocked*, an enhanced Group Incentive System has been launched as a Sustainable Performance Plan, combining short-term goals and additional long-term conditions consistent with the Strategic Plan ambitions and aimed at ensuring the delivery of sustainable results to all stakeholders over time.”

Jayne-Anne Gadhia
Chairwoman of the Remuneration Committee

Dear Shareholders,

During 2021 we continued to face uncertainties related to the ongoing COVID-19 pandemic but in general the financial industry benefited from a more supportive macroeconomic environment. In April 2021, Andrea Orcel was appointed as CEO of UniCredit and under his leadership and decisive actions taken the bank delivered an excellent set of 2021 financial results, achieving or exceeding all 2021 key financial guidance. We also have announced an increased shareholder distribution, subject to supervisory and shareholder approvals. This is a testament to the commitment and drive inherent in this business and its people and to the strength of the bank's client base.

2021 was a pivotal year for our Group. On December 9, 2021 we announced *UniCredit Unlocked*, the new 2022-2024 Strategic Plan, aimed at optimizing the Group today and building a clear long-term programme for tomorrow embedding a strong and cohesive corporate culture across our business, uniting our employees behind a single ambition of empowering communities to progress and shared values of integrity, ownership and caring.

Our remuneration policies continue to be an integral part of the Group's strategy. Compensation practices, plans and programmes are designed to properly incentivize, in line with market practice, the achievement of the strategic imperatives and financial goals, while fully integrating strong risk management across the Group.

In this context, on the back of *UniCredit Unlocked*, a new Group Incentive System has been launched as a Sustainable Performance Plan, combining short-term goals and additional long-term conditions consistent with the Strategic Plan ambitions and aimed at ensuring the delivery of sustainable results to all stakeholders over time. The additional long-term performance conditions are based on specific goals defined at Group level and cover the three years following the 2022 annual performance, thus acting as a modifier of the individual annual variable remuneration and shifting the focus on the long run. Within this framework, comprehensive scorecards, including, among others, financial and ESG targets aligned to the new Strategic Plan, have been formulated for the CEO and top management, as disclosed in the Remuneration Policy. The inclusion of such KPIs fosters the alignment of management's interests with those of shareholders.

At the same time, market practices and the regulatory landscape on remuneration in Europe and in the countries where we operate are evolving and we continue to proactively engage with and listen to stakeholders, shaping our remuneration policies accordingly. Just to highlight a few changes: the increased focus on sustainability, greater gender parity across the Group and extended disclosure on remuneration practices.

The Remuneration Committee, together with the management team, is determined in defining remuneration systems that guarantee sustainable performance at both Group and individual level. At the same time, we are dedicated to providing employees with a best in class and inclusive work environment, and we will continue setting adequate remuneration levels to attract, motivate and retain the top class talent needed to deliver the new Strategic Plan.

I would like to take this opportunity to express my gratitude to our shareholders for your engagement in constructive discussions with the Group along the years. We will continue to provide you with transparent disclosure on our remuneration practices.

Finally, I would also like to thank the other members of the Remuneration Committee for their collaboration and enthusiastic participation in delivering on our mandate, as well as the members of People & Culture who closely cooperated with us.

Sincerely,

Jayne-Anne Gadhia
Chairwoman of the
Remuneration Committee

Highlights

Highlights

The implementation of the principles set in the Group Remuneration Policy provides the framework for the design of the reward programmes across the Group.

Policy standards ensure that compensation is aligned to business objectives, market conditions and stakeholders' long-term interests. UniCredit's compensation approach has been consolidated over time under the Group governance, to be compliant with the most recent national and international regulatory requirements. It is connected to performance, market awareness and aligned with business strategy and shareholders' interests.

The key pillars of the Group Remuneration Policy (Section I) reflect the most recent regulations in terms of remuneration and incentive policies and practices, in order to build year after year a remuneration framework aligned with long-term strategies and goals as well as to be sustainable over time, all in the interest of our stakeholders.

The remuneration framework is linked to company results and is adequately adjusted to take into account all risks, ensures that capital, funding and liquidity levels are more than adequate to support all our ongoing activities and promotes the right behaviours, avoiding distorted incentives that could lead to violation of laws or regulations, or excessive risk taking.

The 2022 Group Remuneration Policy and Report fully encompasses the changes requested by Circular 285 from the Bank of Italy (37th update of November 24, 2021) on remuneration and incentive matters. In addition, the document includes the requirements of the Legislative Decree no. 49 of May 10, 2019, by which the provisions of Directive (EU) 2017/828 (Shareholder Rights Directive 2) are implemented in the legal system and which introduce an advisory vote by the Shareholders' Meeting on the Remuneration Report.

The Group Remuneration Policy continues to be an integral part of UniCredit strategy.

2021 has seen the appointment of Andrea Orcel as new Chief Executive Officer (CEO) for the Group, who shortly after the start of his term, created a new simplified organisational structure and a streamlined leadership team, the Group Executive Committee (GEC), to drive the business effectively, refocus on our regions, empower our people and develop the Group's new strategic plan.
In December 2021, Mr. Orcel and the leadership team presented the 2022-2024 Strategic Plan *UniCredit Unlocked* ("*UniCredit Unlocked*" or "new Strategic Plan"), setting out UniCredit's strategic imperatives and financial ambitions, all united under a common purpose: to empowering communities to progress.
UniCredit Unlocked delivers the following strategic imperatives & financial ambitions:

- grow in our regions and develop our client franchise, changing our business model and how our people operate;
- deliver economies of scale from our footprint of banks, transforming our technology leveraging Digital & Data and embedding sustainability in all that we do;
- drive financial performance via three interconnected levers of net revenue (revenue minus LLP), total costs and allocated capital, largely under management control;
- new business model which allows for strong organic capital generation[1] with materially increased and growing shareholder distributions[2] while maintaining or exceeding a robust CET1 ratio target of 12.5-13 per cent[3].

In particular, the levers through which financial performance will be driven are the following:

- Net revenue: € 1.1 bn of incremental net revenue mostly driven by fees focused on capital-light business and optimization of capital allocation;
- Total costs: deliver a € 0.5 bn absolute cost reduction, net of € 0.6 bn of investments (in particular in Digital & Data and the Business) and of € 0.5 bn of inflation, to deliver an overall cost base of € 9.4 bn by 2024. Total investment of € 2.8 bn in Digital & Data[4] over the life of our plan;
- Capital efficiency: generate organic capital1 of c. 150 bps per annum.

Our financial targets for 2024 across our main KPIs will enable us to distribute above € 16 bn between 2021-24, grow, and deliver around 10% RoTE[5] by 2024.

Sustainability is embedded in all we do, with a focus on supporting the green and social transition as well as accelerating progress towards a more inclusive and equitable society everywhere we operate, which is at the heart of our ESG ambitions. Within the new Strategic Plan, UniCredit is targeting € 150 bn of cumulative new ESG volumes across environmental lending, ESG investment products, sustainable bonds and social lending. Furthermore, we have made a commitment of € 100 m investing by 2024 to ensure equal pay for equal work.

The new Group strategic direction has given the opportunity to critically rethink the variable compensation framework. The 2022 Group Incentive System is designed as a sustainable performance programme, with short-term goals combined with additional long-term conditions consistent with the new Strategic Plan and aimed at ensuring the delivery of sustainable results over time, in order to best support the execution of *UniCredit Unlocked*.

1. Organic capital generation means CET1r evolution deriving from (i) stated net profit excluding DTA from tax loss carry forward contribution and (ii) RWA dynamic net of regulatory headwind.
2. Shareholder distribution subject to supervisory & shareholder approvals and inorganic options.
3. Managerial target 2024.
4. Additional investments not fully comparable to previous disclosure due to pricing model changes.
5. RoTE means (i) net profit over (ii) average tangible equity excluding AT1, CASHES & DTA from tax loss carry forward contribution.

1. Key Pillars

Clear and transparent governance.

Compliance with regulatory requirements and principles of good business conduct.

Continuous monitoring of market trends and practices.

Sustainable pay for sustainable performance.

Motivation, retention and fair treatment of all employees, with particular focus on talents and mission-critical resources.

Details
Section I-Chapter 1 »

2. Material Risk Takers definition

Application of qualitative and quantitative criteria, which are common at European level, as defined by the regulation, to identify the people who are deemed to take material risks for the organization.

Details
Section I-Paragraph 2.4 »

The Material Risk Takers population is reviewed annually and on an ongoing basis ensuring full compliance with current regulations. The identification follows a structured evaluation process both at Group and local level, based on the application of qualitative and quantitative criteria common at the European level. The second cycle Group Material Risk Takers (GMRT) identification process led to the identification of 1,121 GMRT. The preliminary result of the evaluation process for the definition of Group Material Risk Takers in 2022 was broadly in line with last year's results.

3. Compensation benchmarking and policy target

Updated peer group for compensation benchmarking, performed by an external advisor.

Definition of specific peer group at country/division level to assure competitive alignment with the market of reference.

Details
Section I-Paragraph 4.1 »

With specific reference to the executives of the Group population, the Remuneration Committee, supported by an independent external advisor, reviewed and updated the list of selected competitors that represent UniCredit group-level peers for compensation benchmarking. Such updated peer group include: Banco Santander, Barclays, BBVA, Commerzbank, Credit Agricole, Deutsche Bank, Erste Bank, ING, Intesa Sanpaolo, Nordea Bank, Société Générale and UBS. Compensation benchmarking analysis is performed in comparison with this peer group. As a policy target, Material Risk Takers total compensation is set on the market median as reference, with the possibility to increase to attract and retain top-class talents, able to improve UniCredit's competitive position, with individual positioning being defined on the basis of specific performance, potential and people strategy decisions, as well as UniCredit's performance over time.

4. Ratio between variable and fixed compensation

In compliance with the regulatory requirements, the 2:1 ratio represents the maximum limit between variable and fixed components of remuneration for all employees belonging to business functions, including Material Risk Takers.

Details
Section I-Paragraph 4.7 »

In compliance with applicable regulations - for the personnel belonging to the business functions - the adoption of a maximum ratio between variable and fixed remuneration of 2:1 as approved by the Annual General Meeting of May 13, 2014 has not changed.

Positions entitled to a variable to fixed ratio of potentially up to a maximum of 2:1 are:

- Group Chief Executive Officer;
- Heads of Italy, Germany, Central Europe, Eastern Europe and Client Solutions, Digital & Information Officer and Group Operating Officer;
- CEO and General Managers of Group Legal Entities;
- Personnel belonging to Business Divisions (e.g. Client Solutions, Commercial Banking), excluding control or support roles.

Assumptions upon which the increase of the maximum ratio between variable and fixed remuneration, type of personnel and limit itself were based have not changed (e.g. UniCredit business model kept substantially stable since 2014, the compensation strategy is competitive at an international level and effectively in line with the one in 2014).

This approach allows UniCredit to maintain a strong link between pay and performance, as well as competitiveness in the market. UniCredit's main peers have also taken the same approach in order to limit the effects of an uneven playing field in the market where the cap is not present, to avoid the rigidity of the cost structure derived from a possible increase of fixed costs and to guarantee the alignment with multi-year performance, through deferring a relevant component of the variable compensation.

For the rest of the staff a maximum ratio between the variable and fixed components of remuneration equal to 1:1 is usually adopted, except for the staff of the Corporate Control Functions, for Human Resources and the Manager in Charge of Drafting the Company Financial Reports for which it is expected that fixed remuneration is a predominant component of total remuneration. For these Functions it is also foreseen that incentive mechanisms are consistent with the assigned tasks, as well as being independent of results from areas under their control.

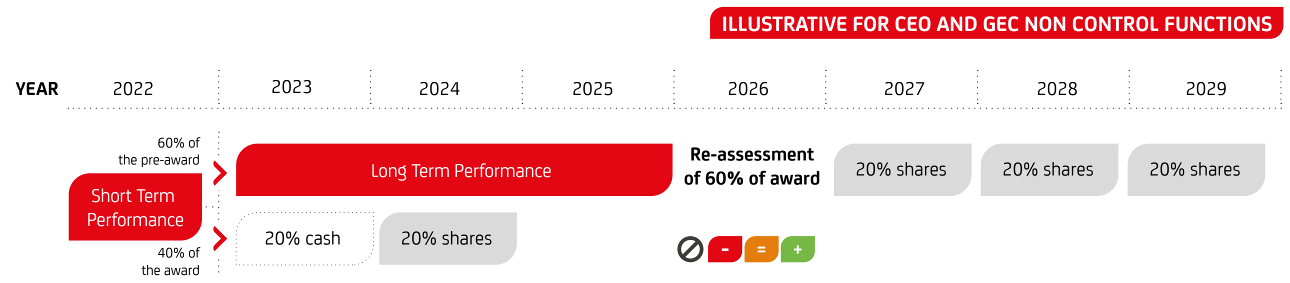
For these Corporate Control Functions, in particular, the maximum weight of the variable component will take into account the differences between national rules and regulations in application of Directive 2019/878/EU in the various countries in which the Group operates[6], in order to ensure equal operating conditions in the market and the ability to attract and retain individuals with professional skills and capabilities adequate to meet the needs of the Group.

5. Sustainable Performance Plan

The Group Incentive System 2022 has been redesigned compared to the past year as a Sustainable Performance Plan to better fit the review in the Group strategic direction as well as to increase its effectiveness in a time of high uncertainty – all while preserving a strong link between remuneration, risk and sustainable profitability.

Details
Section I-Paragraphs 5.1 and 5.2 »

6. In particular, for the Material Risk Takers of Corporate Control Functions in Italy, the ratio between the variable and the fixed components of remuneration cannot exceed the limit of one third, as per Bank of Italy provision (Circular 285 of December 17, 2013, 37th update of November 24, 2021).



The Group Incentive System 2022 provides for an overall performance assessment both at Group/country/division level and at individual level.

It has been structured to best support the new Strategic Plan delivery on a yearly basis, while ensuring that results delivered are sustainable over time via long-term performance conditions, considering the significant transformational effort of the new Strategic Plan.

The key design principles of the new incentive system are the following:

- **Rolling structure:** to allow for a yearly verification of the adequacy of the compensation instruments;
- **"Double gate" on performance:** combined system, that requires the reconfirmation of short-term performance over the long-term (2023-2025), to guarantee sustainability of the results in the context of a transformation of the operating model;
- •**Investor alignment:** pay-out primarily in equity instruments, with long deferral period (total plan duration 8 years);
- **Clear and understandable:** providing clear performance conditions, targets and pay for performance correlation;
- **"What" & "How":** combination of financial targets and non-financial goals (i.e. Strategic Priorities & Culture KPIs) strongly linked to the execution of the Strategic Plan and supported by a goal setting framework (the "KPI Bluebook") certified by relevant group key functions and guidelines in line with regulatory provisions and group standards;
- **Market awareness:** incorporates the relative performance against peers (rTSR) in the long period;
- **Fully compliant:** fully in line with regulatory requirements, and consistent with risk appetite and compliance standards .

6. 2020-2023 Long-Term Incentive Plan management

The 2020-2023 Long-Term Incentive Plan ("LTIP 20-23") was introduced in 2020 at the launch of the Team 23 Strategic Plan. Considering the review of UniCredit Strategic Plan and the connected review of the variable remuneration framework, to minimize overlap between incentive plans it is proposed to offer the beneficiaries of LTIP 20-23 against an agreed reduction in the so-called bonus opportunity linked to the LTIP, a correlated increase in the so-called bonus opportunity under the 2022 Incentive System.

Details
Section I-Paragraph 5.3 »

The LTIP 20-23 was approved by Shareholders' Meeting on April 9, 2020, and provides for the grant of an incentive in free ordinary shares, to selected Group employees, over a multi-year period linked to the Team 23 Strategic Plan and subject to the achievement of specific performance conditions.

In particular, it is proposed to keep the LTIP 20-23 in place (which therefore remains unchanged in all its structural elements, as approved by the Shareholders' Meeting on April 9, 2020, including gate, objectives, duration of the vesting period, terms and methods of payment of the incentive, etc.) however agreeing, with the beneficiaries a reduction in the amount of the equity incentive potentially assignable within the same (in other words, proceeding with the cancellation of the quotas referred to the 2022 and 2023 financial years so as to be able to increase the bonus opportunity linked to the 2022 Incentive System, in compliance with the ratio between fixed and variable remuneration).

7. Compliance breach, Malus and Claw-back

The Group reserves the right to activate malus and claw-back mechanisms, namely the reduction/cancelation and the return respectively of any form of variable compensation.respectively of any form of variable compensation.

Details
Section I-Paragraph 5.1 »

According to Bank of Italy and EBA requirements[7] and to further strengthen the governance framework, the key rules of compliance breaches management, as well as their related impact on remuneration components through the application of both malus and claw-back clauses, are reported in the 2022 Group Remuneration Policy.

8. Share ownership guidelines

Share ownership guidelines set minimum levels for company share ownership by relevant Executives, by ensuring appropriate levels of personal investment in UniCredit shares over time.

Details
Section I-Paragraph 4.8 »

As part of the total compensation approach and in line with regulatory provisions, UniCredit offers equity incentives which provide for opportunities of share ownership, in full alignment with the applicable regulatory requirements.

The Share Ownership guidelines apply to the Chief Executive Officer, Senior Executive Vice Presidents and Executive Vice Presidents[8].

The established levels of share ownership should be reached, as a rule, within five years from the appointment in the above indicated Executive categories within the scope of the guidelines and should be maintained while the role is held. The achievement of the share ownership levels should be accomplished through a pro rata approach over a 5-year period, granting a minimum amount of shares each year.

9. Severance payments

Continuous alignment with regulations/contractual frameworks in force at the time.

Severance payouts take into consideration long-term performance, in terms of shareholders' added value. They do not reward failures or abuses and shall not exceed in general 24 months of total compensation, including notice (in case of lack of law/National Labour agreement provisions as locally applicable).

Details
Section I-Paragraph 4.6 »

The Policy on payments to be agreed in case of early termination of a contract (so called "severance payments") is aligned with the changes introduced by the 25th update of the Circular 285 by Bank of Italy and it has not been subject to changes since 2021.

7. Bank of Italy Circular 285 on "Policies and practices on remuneration and incentive" updated as of November 24, 2021 and EBA "Guidelines on sound remuneration policies" published on July 2, 2021.
8. Considering the application, from 2016, of the new ratio between the variable and the fixed components of remuneration (which cannot exceed the limit of one third for the Material Risk Takers within Italian Control Functions, while fixed remuneration is expected to be the predominant component for the Control Functions of other geographies), share ownership guidelines are not applied to the Executives who are part of Corporate Control Functions.

10. 2021 results and compensation decisions

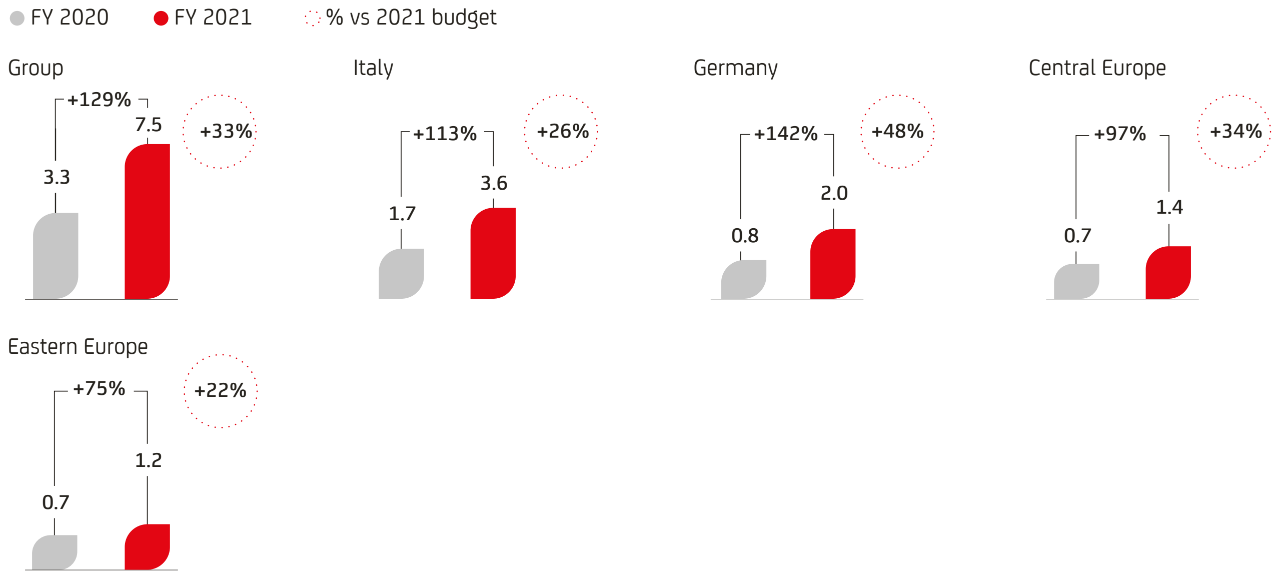
› 2021 Results

UniCredit delivered a strong set of 2021 results, achieving or exceeding all our key financial ambitions. Underlying net profit reached € 3.9 bn for the full year, comfortably above our guidance. Underlying Return on Tangible Equity increased to 7.5 per cent. Our proposed total shareholder distribution is € 3.75 bn, subject to our pro-forma 2021 year end CET1 remaining above 13.0%, which is slightly higher than we presented at Strategy Day and it is more than comfortably funded by our in year organic capital generation of € 6.5 bn – € 3.9 bn from net profit and € 2.6 bn from risk weighted assets thanks to capital efficiency measures. This reflects our focus on delivering meaningful, albeit prudent, distributions, funded by superior recurrent organic capital generation, whilst continuing to invest and develop the growth and profitability of the business. Accordingly, CET1 increased 68 basis points to 15.56 per cent, pro-forma for proposed distributions but gross of 143 basis points of regulatory headwinds and other items.

While we benefitted from a more supportive macroeconomic environment, we achieved this thanks to decisive actions taken during the year, and the dedication, enthusiasm and performance of our employees.

› Compensation decisions

Bonus pool performance metric (Net Operating Profit pre bonus)



Data in bn.
Bonus pool performance metrics pre bonus: Underlying Net Operating Profit (Italy, Germany, Central Europe, Eastern Europe, Group Corporate Center); Net Operating Profit Group.
% vs. 2021 calculated neutralizing exchange rate effects.

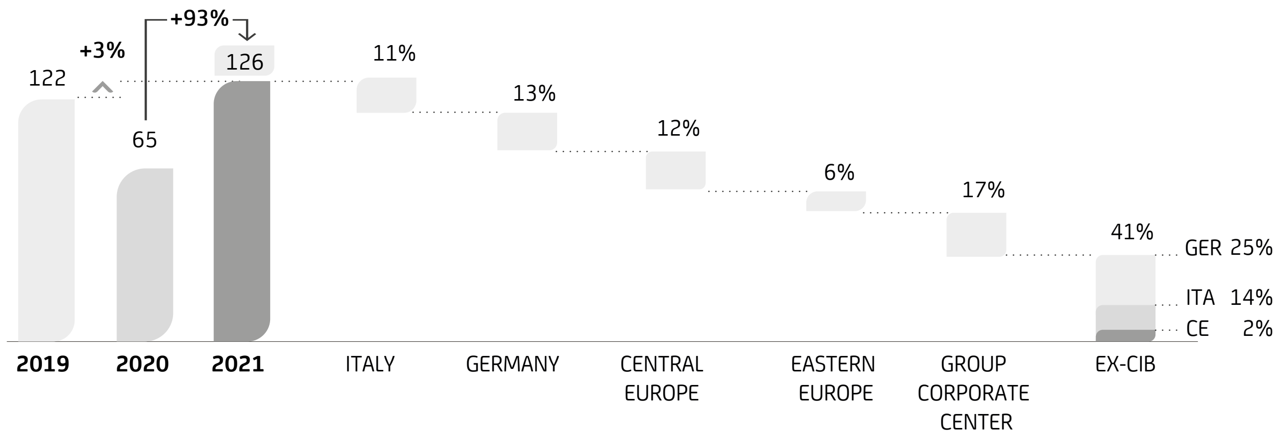
With reference to 2021, the UniCredit Board of Directors considered the proposals of the Remuneration Committee and the guidelines of the regulatory authorities on variable remuneration.

The evaluation regarding compensation decisions, as done before in the previous years, was supported by a rigorous Group governance process in order to guarantee coherence and transparency towards all the participants involved.

In line with Group governance, assessment and payment for the Executives with Strategic Responsibilities have been reviewed by the Remuneration Committee and approved by the Board of Directors, having consulted the Statutory Auditors and Internal Controls & Risks Committee where appropriate.

The Board of Directors approved the overall bonus pool. The proposal submitted to the Board emerged in a total bonus pool amount higher than 2020, reflecting a normalised variable compensation following a year which was negatively affected by the pandemic and reflecting the strong performance of 2021. The distribution of the bonus for the Group Material Risk Taker population (1,121 individuals) is set out below, defined on the basis of the application of the 2021 Group Incentive System rules approved by the Shareholders' Meeting.

2021 Bonus distribution for GMRT



CIB: Corporate & Investment Banking.
Data in mln €. The payout does not include the 20-23 LTI pro rata yearly quota.

› Compensation disclosure

The Remuneration Report (Section II) provides the description of UniCredit's compensation practices and the implementation outcomes of Group Incentive Systems, as well as remuneration data with a focus on non-executive Directors and Group Material Risk Takers, defined in line with regulatory requirements.

Full disclosure on compensation payout amounts, deferrals and the ratio between variable and fixed components of remuneration for Group Material Risk Takers is provided in the Remuneration Report (paragraph 4.2, Granular Remuneration Data), including data regarding Directors, General Managers and other Executives with Strategic Responsibilities.

Data pursuant sect. 84-quater Consob Issuers Regulation Nr. 11971, Compensation Report-Section II (last modified under resolution no. 21623 of December 10, 2020), as well as the information on incentive systems under 114-bis of legislative decree 58/1998 ("Testo Unico della Finanza" - "TUF") are included in the attachments to the 2022 Group Remuneration Policy and Report, published on UniCredit's website, in the section dedicated to 2022 Shareholders' Meeting.

Details
Section II-Paragraph 4.2 »

11. Chief Executive Officer variable and fixed compensation data

In April 2021, Andrea Orcel was appointed Chief Executive Officer of UniCredit. His compensation package for 2021 included a fixed component as well as a sign-on share-based award in lieu of any bonus payment for the year.

Considering the transitional nature of 2021, where the focus was on developing a new Strategic Plan for the Group, it was not possible to assign meaningful performance goals to the CEO for 2021. In light of this, and in order to foster full alignment of interests between the CEO and shareholders from the outset, the Board of Directors in agreement with the CEO approved the sign-on share-based award. Representing the only variable remuneration awarded for 2021, the award was payable in two tranches and subject to minimum prudential requirements at the time of payment as well as holding requirements, ensuring full compliance with the Group share ownership guidelines.

With reference to 2021 and in line with 2021 Group Remuneration Policy provisions, the Chief Executive Officer received a fixed remuneration of overall € 2.5 million that was paid on a pro-rata temporis basis starting from 15 April 2021. The variable pay of the CEO amounts to € 5 million, as per the above-mentioned sign-on share-based award, payable in two tranches (in 2022 and 2023). The remuneration structure for 2021 was strictly linked to the first year of the mandate.

For 2022, the fixed annual compensation of the CEO has been confirmed at € 2.5mn, unchanged from 2021. 2022 variable compensation will be determined based on the new Group Incentive System, up to the regulatory variable to fix cap (200% i.e. € 5mn), granted upon meeting the 100% of the assigned scorecard.

The structure of the current CEO package as well as the regulatory cap on variable to fix compensation, inevitably results in an asymmetrical pay curve, where no reward can be assigned for over-performance.

The Board has reviewed Mr. Orcel's remuneration package in light of the delivery of a strong 2021 performance under his leadership. Mr. Orcel has separately indicated his preference to the Board that his fixed compensation remain the same, and that the variable remuneration awarded to him be strictly linked to the delivery of the performance targets outlined in the Strategic Plan. Any consideration beyond this should be reviewed over a longer period of time. The Board has taken this into account, and is in agreement with this position, believing that this approach is fully aligned with the interests of shareholders, reflecting the commitment to earned meritocracy that is central to UniCredit and its people. The Board is confident in Mr. Orcel's ability to deliver long-term sustainable performance and improved shareholder returns. The Board will review Mr. Orcel's remuneration in advance of the AGM in 2023, in light of the results delivered and progress made in 2021 and 2022.

As a mitigant for year 2022, the Board also resolved to calculate the share conversion price upon granting of the incentive system (i.e. upon the approval of the incentive system at the beginning of year 2022) and not at the moment of performance assessment (as per the previous practice) as this fully aligns interests to shareholders during the year. Furthermore, this allows management to benefit alongside investors from any share price increase during the year, and mitigates the impediment to reward for overperformance for the CEO.

Details
Section II-Paragraph 3.2 »

12. Ex-ante disclosure of performance scorecard for Chief Executive Officer

The overall 2022 variable remuneration of the CEO will depend on the degree of achievement of the below short-term performance scorecard, based on the rules of the "Group Incentive System 2022".

2022 ST GOALS			TYPE	TARGET 2022
FINANCIALS	70%	• **Net Revenues** (Revenues – LLPs)	Quantitative Assessment as % of achievement vs. Target	~16.3 bn
		• **Costs** (Cost/Income and Opex)		~55% - ~9.8 bn
		• **Organic Capital Generation**		~150 bps avg 21-24[A]
		• **ROTE** with CET1 underpin		>7%
STRATEGIC PRIORITIES & CULTURE	30%	• Sustainability	Qualitative assessment supported by KPIs into a 5-point rating scale	• 140 bn by 2024 on "Environmental" volumes • 10 bn by 2024 on "Social" volumes (social lending) • gender parity ambition across organization • 100m by 2024 to ensure equal pay for equal work
		• Winning, the right way, together		Foster corporate values and expected conduct and behaviors aligned with corporate culture

A. Yearly target consistent with the average delivery of ~150bps organic capital generation per annum in the period 21-24. Further details will be provided in the ex-post scorecard disclosure.

According to the principles of the Sustainable Performance Plan, 60% of the incentive as set above will also depend on the achievement of further long-term goals to be assessed over a 3-year horizon following the short-term incentive assessment period (i.e. 2023-2025). The relevant scorecard, that is the same for all executives for whom long-term conditions are foreseen, is shown below:

LEVERS AND KPIs			TYPE	TIMING OF MEASUREMENT
ABSOLUTE PROFITABILITY	**70%**	• RoTE with CET 1 underpin	Absolute	AVERAGE 23-25 VS. TARGET 22
RELATIVE RETURNS	**30%**	• Relative TSR vs Peers[A]	Relative	PERIOD 23-25

MALUS CONDITIONS FOR 2023-25 LT PERFORMANCE PERIOD (PROFITABILITY[B], CAPITAL AND LIQUIDITY[C])

A. Potential extraordinary events that might impact the Peer Group in asymmetric ways as well as other specific events (e.g. negative or low absolute TSR performance, etc.) may be duly taken into consideration via Board of Directors Discretion.
B. RoTE average 2023-25 below 33% vs. Target22.
C. Capital and liquidity conditions as defined for annual performance (for each year from 2023 to 2025).

The degree of achievement of the long-term goals – once the access threshold is achieved, as below such threshold the incentive would be fully cancelled – will determine the confirmation or the adjustment of the incentive from -30% to +30%, in any case within the regulatory limit of the ratio between variable and fixed compensation, with the possibility to zero the incentive in case Malus conditions occur.

Details
Section I-Paragraphs 5.1 and 5.2 »

Highlights
2022 Group Remuneration Policy and Report

Section I

2022 Group Remuneration Policy

1. Overview and principles

The set of values of UniCredit is based on integrity, ownership and care as sustainable conditions to transform profit into value for stakeholders. A simple guiding purpose to empower communities to progress ensures we live these values every day.

By upholding the standards of sustainable behaviours and values which drive the Group's purpose, the compensation strategy represents a key enabler to enhance and protect its reputation and to create long-term value for all Group stakeholders. Specifically, the remuneration policy contributes to the business strategy, long-term interests, and sustainability of UniCredit.

Now more than ever, sustainability forms a central part of everything UniCredit does and is fully integrated into the business and decision-making process: leading by example in UniCredit's business, helping clients through a just and sustainable transition, contributing to a better society. It is a key lever for the future business strategies and a critical component of the bank's success.

Through appropriate compensation mechanisms, UniCredit aims to create a best-in-class inclusive work environment, fostering and unlocking individual potential to attract, retain and motivate a highly qualified global workforce capable of creating a competitive advantage for the Group. Individuals are rewarded based on merit and performance in terms of sustainable results, behaviours and Group values.

UniCredit believes in inclusion as a strategic business driver and is committed to creating an inclusive, positive, and barrier-free environment for its diverse workforce, where everyone has the opportunity to perform and grow. Employees are expected to contribute to creating and maintaining a work environment that is respectful, safe and inclusive, and where differences in gender identity, age, race, ethnicity, sexual orientation, ability, background, religious or ethical values system and political beliefs or any other category protected by law in the local jurisdiction are embraced and promoted.

Relying on the governance model of UniCredit, the Group Remuneration Policy sets the framework for a coherent and consistent design, implementation and monitoring of compensation practices across the entire Group.

Within this common policy framework, guidelines are defined to implement compensation programs and plans that reinforce sound risk management policies and the long-term strategy and generally pursue long-term value creation and sustainability of the company. In doing so, the Group effectively meets the specific and evolving needs of the different businesses, market contexts and employee populations while ensuring that business and people strategies are always appropriately aligned with the remuneration approach, including external networks and agents, where applicable, as foreseen by regulation.

To ensure the competitiveness and effectiveness of remuneration as well as transparency and internal equity, the principles of sustainable conduct and performance define the key pillars of the Group Remuneration Policy.

Key Pillars

Clear and transparent governance, through efficient corporate and organizational governance structures, as well as clear and rigorous governance and rules.

Sustainable pay for sustainable performance, by maintaining consistency between remuneration and performance, and between rewards and long-term stakeholder value creation, as well as enhancing both the actual result achieved and the means by which they are achieved.

Continuous monitoring of market trends and practices and awareness of international practices, aimed at sound formulation of competitive compensation as well as at transparency and internal equity.

Motivation, retention and fair treatment of all employees, with particular focus on talents and mission-critical resources.

Compliance with regulatory requirements and principles of good business conduct, by protecting and enhancing our company reputation, as well as avoiding or managing conflicts of interest between roles within the Group or vis-à-vis customers.

1.1 Remuneration Policy alignment to sustainability strategy

At UniCredit value creation means more than just generating financial value. It also means ensuring sustainability is at the heart of all that the Group does.

In the fourth quarter of 2021, UniCredit announced new ESG targets as part of the long-term commitment to sustainability – part of the Group's DNA and a key component of the business model of UniCredit.

Creating a more sustainable and equitable future will inform all the Group's choices: who we partner with; how we mobilise capital; and the projects we operate to support the individuals and communities we serve. Please also refer to the Integrated Report available on the corporate website for further details on the Sustainability Strategy in UniCredit.

The remuneration policy contributes to the UniCredit strategy, the pursuit of long-term interests and the sustainability over time. UniCredit has a remuneration structure in place that is based on risk-adjusted/ related performance and does not encourage excessive risk-taking, including with respect to sustainability risks.

Further, one of the pillars of the Group Remuneration Policy addresses the sustainable pay for sustainable performance, by maintaining consistency between remuneration and performance, and between rewards and long-term stakeholder value creation, as well as enhancing both the actual result achieved and how they are achieved.

Several processes and initiatives support the link between the remuneration policy and sustainability.

The **Group Incentive System** is supported by the annual performance management process assuring coherence, consistency, and clarity of performance objectives and behavioural expectation aligned with business strategy. The setting of the annual objectives (known as **Goal Setting**) is the initial phase of this process and is supported by a structured framework that includes a catalogue of performance indicators (the "*KPI Bluebook*") annually certified by relevant Group key functions (i.e. People & Culture, Finance, Risk Management, Compliance, Group ESG Strategy & Impact Banking) and guidelines in line with regulatory provisions and group standards.

In particular, among other, this is characterised by:

- the use of risk-adjusted/related goals (e.g. at least one KPI in the goals card);
- the link with ESG and Diversity, Equity & Inclusion ("DE&I") strategies (e.g. at least one ESG KPI for all GMRT with a particular focus on DE&I KPIs for staff reporting to GEC and their direct reporting line);
- the use of sustainability goals for value creation over time (e.g. about half of the goals shall be related to sustainability);
- the use of goals related to business, corporate values, conduct and compliance/risk culture, with a focus on:
  - being a role model for Group culture, values and purpose;
  - setting the proper tone from the Top on Compliance culture and Risk mindfulness.

Details »

For further details, please refer to the paragraphs 5.1 2022 Group Incentive System and 5.2 Performance Management Framework.

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Diversity, Equity and Inclusion (DE&I)

At UniCredit Diversity, Equity and Inclusion are strategic assets for our business, growth, innovation, and performance, acting as an integral part of our corporate culture and fully integrated in our business model. This also helps ensure a more sustainable growth in the long-term and new business opportunities, a strong drive for innovation and creativity, as well as a general improvement of the work climate with positive impact on productivity, well-being, and engagement of our people.

To further promote a culture of inclusion based on equal opportunities and non-discrimination, UniCredit has a dedicated DE&I Global Policy in place that sets clear guidelines and principles for employees as well as third parties. The Policy applies to every key moment of the employee journey, from recruiting and onboarding, to learning and development, performance management and compensation, ensuring bias-free, merit and competency-based decisions as well as pay equality, regardless of diversity traits.

Within the framework provided by the Group Remuneration Policy, UniCredit is committed to an equal pay principle, ensuring fair treatment in terms of remuneration based on the role covered, the scope of responsibilities, performance outcomes and the overall quality of the contribution to business results, regardless of gender identity, age, race, ethnicity, sexual orientation, ability, and cultural background. The Group's undertaking for equal treatment and equal pay for all gender identities at all levels of the organisation consists of well-defined ambitions to guarantee an adequate and fair remuneration to all employees. UniCredit adopts gender-neutral Remuneration and Incentive policies that contribute to pursuing true equality among staff. They ensure that equal work is matched by equal pay, giving people the same access to opportunities, regardless of their diversity traits.

By signing the CEO Champion Commitment "Towards the Zero Gender Gap", the Group is affirming its corporate commitment with concrete objectives and a framework to move towards greater gender equality, diversity and inclusion in our Bank.

UniCredit is committed to promote gender parity across all organisational levels, ensuring balanced gender distribution in talent pools, hiring and recruiting, appointments and promotions, with a wider ethnic representation as well as guaranteeing a diverse and sustainable Succession Pipeline.

The Group has long underscored the importance of gender pay equality and several initiatives have been implemented across the Group to address pay differences, including guidelines for our compensation process, allocation of salary budgets as well as specific ambitions related to DE&I (i.e. promote gender parity across all organizational levels, in talent pools, hiring and recruiting, ensure equal pay for equal work, increase cultural and ethnic diversity in our staff) assigned to senior leaders within the annual goal setting process.

To reach gender pay equality, UniCredit has a defined methodology in place to evaluate and monitor the progress within the Group and to promote a respectful and inclusive culture based on equal treatment and equal pay. This methodology is valid for the whole Group.

The progress towards Group DE&I Ambitions, is reported through the disclosure of relevant data, commitments, and initiatives in the Consolidated Non-Financial Statement (in accordance with the LD 254/2016) according to the GRI standards.

Additionally, since 2017, UniCredit publishes the UK GPG Report as requested by the Gender Pay Gap Regulations in Great Britain.

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ESG - Environmental, Social & Governance

Sustainability is a key lever for our future business strategies and a critical component of our success. Indeed, we have set ambitious ESG targets as part of the new 2022-2024 Strategic Plan, as the Group continues to progress on its net zero commitments and embed ESG in all areas of the business while strengthening corporate culture under the common purpose to empower our communities to progress.

Our remuneration policy has been developed to support UniCredit's sustainability strategy. A core set of our ESG targets are embedded in the CEO performance scorecard so as to foster the alignment of management with the Group's ESG ambitions:

- € 140 billion in "Environmental" volumes (environmental lending, ESG investment products, sustainable bonds) by 2024;
- € 10 billion in "Social" volumes (social lending) by 2024;
- Gender parity across our organization, in accordance with Italy G20 Women's Forum CEO Champion Commitment "Towards the Zero Gender Gap";
- € 100 million dedicated to ensuring equal pay for equal work by 2024.

These and other ESG commitments, together with other criteria included in the "Strategic Priorities & Culture" values set, will have a weighting of 30% in the CEO's overall performance evaluation.

So as to align the Group's management structure and reinforce managerial commitment to our ESG strategy, such objectives will be cascaded to the CEO's reporting line and below, coherently with the respective areas of responsibility.

1.2 Employee working conditions, an integral part of the remuneration policy

UniCredit's People & Culture Strategy is focused on supporting the continuous development of its people and ensuring a positive working environment where all employees feel engaged and are committed to value creation.

The Welfare offer is based on three key Group pillars, namely Flexibility, Well-being and People Caring, to support colleagues at all stages of their lives. It represents an important solution for our people, even more since the Covid-19 health emergency outbreak, supporting colleagues throughout their personal, family and professional challenges.

Welfare initiatives are locally developed and implemented in order to offer the right answer to each country's needs and special requirements, while maintaining a central coordination to guarantee respect of the Group Welfare principles and guidelines.

Several tailor-made initiatives to meet fundamental health and family needs have already been established in most countries across the Group. UniCredit supports people with solutions such as flexible work hours and remote working, offering paid leave that respects rapid cultural changes and gives equal treatment to all family models. This paid leave includes maternity, paternity and childcare leaves. It also includes permissions for important life events, such as the birth of a relative, celebrating a marriage or civil partnership, buying a house, and pursuing an educational opportunity. UniCredit offers a vast selection of healthy lifestyle programs, on topics ranging from nutrition, fitness, relationship-building, and cognitive-emotional issues such as resilience and personal awareness, in addition to our health benefits. Our Welfare is continuing to develop tailored solutions, and as part of our competitive benefits package, we offer a vast selection of Employee Assistance Programs to deal with these unprecedented times through "Ask for help" services, providing a valuable support for work and personal matters ranging from legal guidance, health counselling and life coaching to solving problems at work and financial advice.

A positive working environment means promoting an environment where everyone can speak up and be listened to. This empowers people to do their best. Specific attention is dedicated to disability management for addressing the specific requirements of colleagues who live with disabilities, promoting their independence, harnessing their skills, and designing ways to foster integration and inclusion.

Social dialogue creates a balance between workers' needs and business needs through continuation of these initiatives and progress of projects over time. This innovative approach is the basis for Joint Declarations between UniCredit and European Works Council on topics like Equal opportunities and non-discrimination, Responsible Sales and Work-life balance. The Joint Declaration on Remote Work, signed on October 2020, defined the guidelines, principles, and minimum quality standards for remote work, allowing our Group to extend the opportunities offered by technological advances, enabling new ways of working to support a better work-life balance and a greater efficiency.

Additionally, in 2020 the UniCredit Family Board was established with the aim to coordinate a global action plan to be locally implemented focusing on flexibilities, psycho-physical wellbeing, home-schooling support, and new ways of working.

Actions were diversified and included: home-schooling/work IT infrastructure and furniture partnership extensions; mobility solutions; online resources on sport, entertainment, elderly members of the family, children with disabilities, etc.; support programmes for parents, children and caregivers to increase awareness, change management (e.g. webinars, digital masters); psychological support services; parental leaves.

The final aim of these diversified Welfare programs is to consolidate UniCredit's unique identity across the Group as "best place to work" and actively contribute to attracting, engaging and retaining talented people, by carrying on cross-country initiatives to ensure an equal treatment for all employees.

The Welfare offer is an integral part of the total reward for UniCredit colleagues and an important pillar of the People & Culture Strategy. As a recognition of the effectiveness of its People Strategy, UniCredit has been officially certified as a Top Employer in Europe in 2022 for the sixth year running for its employees offering in terms of Work Environment, Talent Acquisition, Learning, Wellbeing and Diversity & Inclusion.

For further details, please refer to the UniCredit Integrated Report available on the institutional website for company welfare information in addition to learning and development plans and initiatives promoting diversity & inclusion.

1.3 Shareholders vote and main changes introduced with the 2022 Group Remuneration Policy

The vote on the remuneration items during the shareholders' Annual General Meeting held on April 15, 2021 was overall positive, with a limited majority on the 2021 Group Remuneration Policy (54%) compared to the past. While the framework and pillars of the Group Remuneration Policy were broadly unchanged compared to the past, the feedback gathered from shareholders was mainly focused on the new CEO shared-based award for 2021, in particular regarding the disclosure provided and the fact that, although being delivered in shares and deferred, it was not subject to performance conditions.

With regards to such award, shareholders were provided with the rationale behind the proposed structure: as 2021 was a transition year, it was not possible to assign meaningful performance goals to the newly appointed CEO, also given that his mandate was to develop a new strategic plan including relevant KPIs. Furthermore, despite having the regulatory opportunity to grant the award in cash upfront, the Board of Directors resolved to assign a deferred award in shares, thus fulfilling the CEO share ownership requirements of 2x base salary, enhancing the alignment of CEO's interests with shareholders from day one.

UniCredit has a long-standing engagement process with institutional investors and proxy advisors which aims to share and constructively exchange views on Policy changes. Over the years, this dialogue has enabled us to receive valuable feedback on the compensation approach as well as allowing us to verify the alignment with international best practices and investors' expectations. In the last quarter of 2021 and first quarter of 2022, UniCredit has proactively intensified its engagement with institutional investors and proxy advisors, with multiple rounds of meetings focused on the new incentive system and on the CEO compensation framework, with the aim of gathering feedback ahead of the new remuneration Policy definition.

Considering the change of leadership and the new Strategic Plan *UniCredit Unlocked* announced in December 2021, the UniCredit compensation strategy envisages certain changes in 2022, in alignment with the new strategic direction of the Group.

Further, main changes to the 2022 Group Remuneration Policy are driven by such alignment, while ensuring the remuneration strategy attracts Directors, Executives and key people to deliver the long-term objectives of the Group, in compliance with the latest regulatory updates and taking investors' expectations into consideration. In particular, key changes are as follows:

- redesign of the Group Incentive System in alignment with the Group new strategic direction, including, among others, the following changes:
  - incorporation of long-term performance conditions for CEO, GEC[1] members and their direct reports, to reconfirm short-term performance over time guaranteeing sustainability of the results in a context of a transformation of the operating model;
  - definition of performance conditions and targets for short-term and long-term in line with the new Strategic Plan;
  - improvement of the bonus pool framework, ensuring an overall comprehensive bonus pool funding at Group level, based on profitability, risk and also capital consumption, followed by a consistent pool cascading at Divisional level;
- management of the 2020-2023 Long-Term Incentive Plan in light of the new Strategic Plan announcement and the launch of the new Group Incentive System to avoid overlap between incentive plans;
- update of the peer group for compensation benchmarking;
- alignment of remuneration policy with latest update of Bank of Italy Circular 285 (37th update of November 24, 2021).

1. The Group Executive Committee (GEC), whose members are the CEO and his direct reporting line, is a Managerial Committee that has been set up in order to ensure the effective steering, coordination and control of group business, as well as an effective managerial alignment across the group.

Section I
2022 Group Remuneration Policy - 1. Overview and principles

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Global Job Model

The Global Job Model is an organizational system that describes, standardizes and calibrates all jobs within UniCredit. Moreover, it supports the management of people and processes at global level in a simple, easy to understand and consistent way. Based on market practice, it is aligned with our business needs.

Global Job Model consists of two key elements: Global Job Catalogue and Global Banding Structure[2]. The latter is made of 9 global bands, the three highest bands are:

- Band 8: Group Chief Executive Officer;
- Band 7: Senior Executive Vice Presidents (SEVP), having responsibility for determining the Group business strategy and a strong influence on it, determining or strongly influencing decisions that will impact on the entire organization and having direct responsibility for a core part of the Group. As a general rule, the SEVPs are first or second reporting lines to the CEO;
- Band 6: Executive Vice Presidents (EVP), having significant influence on defining the strategy of a division/competence line/ department or having a strong impact on the results of large/ medium large Legal Entities or businesses. As a general rule, the EVPs are first reporting lines to the SEVPs.

On December 31, 2021 the overall Group population is composed of ~78,800 FTEs, of which ~15 Senior Executive Vice Presidents and ~110 Executive Vice Presidents.

2. Should there be any changes in the future, the processes as described in the Policy will be adjusted accordingly.

2. Governance

The UniCredit compensation governance model aims at ensuring clarity and reliability of remuneration decision-making processes by controlling Group-wide remuneration practices and ensuring that decisions are made in an independent, informed and timely manner at appropriate levels, avoiding conflicts of interest and guaranteeing appropriate disclosure in full respect of the general principles defined by regulators.

2.1 Corporate Bodies and Committees

2.1.1 Role of the Remuneration Committee

In order to foster an efficient information and advisory system to enable the Board of Directors to better assess the topics for which it is responsible, in compliance with the Supervisory Regulations on banks' corporate governance issued by the Bank of Italy and in accordance with the provisions of the Italian Corporate Governance Code companies listed in Italy ("Italian Corporate Governance Code"), the Remuneration Committee has been established by the Board, vested with research, advisory and proposal-making powers.

In particular, the Remuneration Committee is entrusted with the role of providing advice and opinions on the proposals submitted to the Board of Directors regarding the Group remuneration strategy. The Remuneration Committee relies on the support of internal corporate functions, in particular Group People & Culture, Group Risk Management and Group Compliance, respectively for the topics under their scope. In particular, the Group Chief Risk Officer is invited, upon need, to attend Committee meetings to ensure that incentive schemes are appropriately updated to take into account all of the risks that the Bank has taken on, pursuant to methodologies in compliance with those adopted by the Bank in managing risk for regulatory and internal purposes.

Moreover, the Committee avails itself of the support of an external advisor, to ensure that the incentives included in the remuneration and incentive systems are consistent with the Bank's risk, capital and liquidity management (e.g. regarding the remuneration policy for corporate officers) as well as being constantly updated in light of the market evolution, remuneration dynamics and regulatory developments.

The Remuneration Committee was established in 2000. The members of the Remuneration Committee, which was set up based on the above mentioned Bank of Italy Supervisory Regulations and also in line with the Italian Corporate Governance Code's provisions, are all non-executive and the majority of them are independent.

The Committee consists of three non-executive members; the majority of them in its current composition are independent according to the Italian Corporate Governance Code; all the members are independent according to the Section 13 of the Decree issued by the Ministry of Economics and Finance no. 169/2020 and Section 148 of the Italian Legislative Decree n. 58/1998 (the "Consolidated Law on Finance" or "TUF"). The Committee's tasks are coordinated by the Chair, chosen among them.

All Committee's members meet the experience requirements, in accordance with current legal and regulatory provisions and ensure that any further corporate offices they hold in other companies or entities (including foreign ones) are compatible with the commitment and availability required to serve as a member of the Committee. Some members have specific technical know-how and experience on financial matters or remuneration policies.

The Committee appoints - on proposal of the Chair - a Secretary who is not a member of the Committee itself. The Secretary supports the Chair of the Committee in the preparation of the meetings and prepares summary minutes of the discussions and decisions taken by the Committee. In addition, the Head of Group People & Culture (or his delegate) attends the Committee meetings and, when necessary based on the topic discussed, the members of senior management team (e.g. the Head of Group Risk Management, the Group Chief Financial Officer or the Head of Internal Audit) may be invited as well.

Moreover, the Committee members regarding whom the Committee is called upon to express its opinion on their remuneration as a result of their specific assignments shall not attend meetings at which the proposal for such remuneration is determined.

The Chair of the Remuneration Committee at the first available meeting informs the Board of Directors about the activities carried out in the meetings by the Committee itself.

The Remuneration Committee shares, at the end of their meetings, the discussed documentation with the Board of Statutory Auditors.

The "standard" topics discussed during the year[3] are:

1st quarter:

- Group Incentive System;
- Report on previous year severance payments;
- Competitive assessment of compensation package for CEO and Executives with Strategic Responsibilities;
- Bonus pool distribution including, if relevant, approval of any capital increase related to previous years incentive plans;
- Share-buy back and/or capital increase to serve incentive plans;
- Evaluation, payout and execution of previous years plans for Executives with Strategic Responsibilities[4];
- Compensation review for Executives with Strategic Responsibilities;
- Previous year Group Incentive System payout;
- Group Remuneration Policy and Report;

2nd quarter:

- Group Material Risk Takers – assessment methodology and outcomes;

3rd quarter:

- Gender Neutral Remuneration;

4th quarter:

- Local Adaptations to Group Remuneration Policy;
- Previous year Bonus Payout and Group Salary reviews final reporting;
- Emerging trends in Market Compensation Practices and Peer Group review;
- Goal Setting for the upcoming year for Executives with Strategic Responsibilities;
- Preliminary discussion on Bonus pool distribution.

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Within the scope of its responsibilities, the Remuneration Committee:

- puts proposals to the Board regarding the remuneration and the performance goals associated with its variable portion, for the members of the Board of Directors, the General Manager, Deputy General Managers, Heads of the Corporate control functions and personnel whose remuneration and incentive systems are decided upon by the Board;
- exercises oversight on the criteria for remunerating the most significant employees, as identified pursuant to the relevant Bank of Italy provisions, as well as on the outcomes of the application of such criteria;
- issues opinions to the Board of Directors on the remuneration policy for Senior Executive Vice Presidents, Executive Vice Presidents and the Senior Vice Presidents;
- issues opinions to the Board of Directors on the Group incentive schemes based on financial instruments;
- issues opinions to the Board of Directors on the remuneration policy for corporate officers (members of Board of Directors, Board of Statutory Auditors and Supervisory Board) at Group companies;
- coordinates the process for identifying Material Risk Takers on an on-going basis;
- directly oversees the correct application of rules regarding the remuneration of the Heads of corporate control functions, working closely with the Board of Statutory Auditors;
- works with the other committees, particularly the Internal Controls & Risks Committee, to verify that the incentives included in compensation and incentive schemes are consistent with the Risk Appetite Framework (RAF), ensuring the involvement of the corporate functions responsible for drafting and monitoring remuneration and incentive policies and practices;
- provides appropriate feedback on its operations to the Board of Directors, Board of Statutory Auditors and the Shareholders' Meeting;
- where necessary drawing on information received from relevant corporate functions, expresses its opinion on the achievement of the performance targets associated with incentive schemes, and on the other conditions laid down for bonus payments.

3. Please consider the timeline and topics as indicative as may vary from year to year. In addition, no extraordinary topics are shown.
4. The Executives with Strategic Responsibilities are those who have the power and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Company, including the directors (executive or otherwise) of the company itself. For further details on the roles of the Executives with Strategic Responsibilities please refer to paragraph 2.5.

2.1.2 Role of the Internal Controls & Risks Committee

The Internal Controls & Risks Committee supports the Board of Directors on risk management and control-related issues.
The Internal Controls & Risks Committee, among the other tasks:

- without prejudice to the competencies of the Remuneration Committee, checks that the incentives underlying the remuneration and incentive system comply with the RAF, particularly taking into account risks, capital and liquidity;
- for the Head of Internal Audit function, issues its opinion on setting the remuneration and the performance goals associated with its variable portion in line with the company policies;
- is involved, within its specific remit, in the process of identifying Material Risk Takers on an on-going basis.

2.1.3 Role of the Board of Statutory Auditors

Within the "traditional" management and control system UniCredit has adopted, the Board of Statutory Auditors is responsible for overseeing the effective administration of the company.
The Board of Statutory Auditors, among the other tasks:

- is consulted with regards to the remuneration of UniCredit's Directors holding specific roles with a special focus on the remuneration of the CEO and the approval of Group financial instrument-based incentive schemes;
- issues a mandatory opinion on the appointment, dismissal and compensation of the Manager in charge of drafting company financial reports;
- expresses its opinion on decisions regarding the appointment and dismissal of the Heads of corporate control functions.

2.1.4 Role of the Related-Parties Committee

The Committee operates on a consultative and proposition-making basis in support of the Board of Directors. The Committee oversees issues concerning transactions with related parties pursuant to Consob Regulation no. 17221/2021 and transactions with associated parties pursuant to Bank of Italy Circular no. 285/2013, carrying out the specific role attributed to independent directors by the aforementioned provisions.

With regard to remuneration in favor of persons qualifying as related parties, it should be noted that the provisions of Consob Regulation 17221/2021 and Bank of Italy Circular no. 285/2013 do not apply to:

- shareholders' resolutions pursuant to art. 2389, paragraph 1 of the Italian Civil Code, relating to the remuneration of members of the Board of Directors, as well as to the resolutions concerning the remuneration of Directors holding specific roles falling within the overall amount previously determined during the Shareholders' Meeting pursuant to art. 2389, paragraph 3 of the Italian Civil Code;
- shareholders' resolutions pursuant to art. 2402 of the Italian Civil Code, relating to the remuneration of members of the Board of Statutory Auditors;
- remuneration plans based on financial instruments approved by the Shareholders' Meeting pursuant to art. 114-bis of Legislative Decree no. 58 of 1998 and their implementation;
- resolutions, other than those referred to art. 2389, paragraph 1 of the Italian Civil Code, relating to the remuneration of the Directors holding specific roles and the other key management personnel provided that: i) UniCredit S.p.A. has adopted a remuneration policy approved by the Shareholders' Meeting; ii) the Remuneration Committee of UniCredit S.p.A., consisting exclusively of non-executive Directors, the majority of whom are independent, was involved in the definition of the remuneration policy; iii) the remuneration awarded is identified in accordance with this policy and quantified on the basis of criteria that do not involve discretionary assessments.

With regard to remuneration, the Related Parties Committee is involved, for the profiles of its own competence, in the preliminary investigation concerning:

- transactions that do not benefit from the above-mentioned exemptions and/or other applicable exemptions;
- temporary exceptions to the remuneration policy that the Company intends to implement in the presence of exceptional circumstances (see paragraph 2.2).

2.1.5 Role of the Board of Directors

The Board of Directors has exclusive competency on the following matters:

- remunerating UniCredit Directors holding specific roles - after having examined the proposal submitted by the Remuneration Committee and consulted the Board of Statutory Auditors - with a special focus on remuneration of the CEO and approval of Group financial instrument-based incentive schemes;
- determining - after having examined the proposal submitted by the competent committees - the overall remuneration and performance goals associated with the variable portion, for the Heads of corporate control functions, pursuant to criteria and parameters unrelated to Bank performance, as well as for the Executives with Strategic responsibilities;
- establishing the remuneration of the Manager in charge of drafting company financial reports;
- approving Group incentive schemes based on financial instruments;
- approving the process for identifying material risk takers and related outcomes, on an on-going basis.

Furthermore, the Board of Directors, also on the basis of the details provided by the Remuneration Committee, resolves on:

- drawing up remuneration and incentives policies for submission to the Shareholders' Meeting, checking their correct implementation and seeing to their review at least annually; moreover, ensuring its adequate documentation and accessibility within the corporate structure;
- defining remuneration and performance goals associated with its variable portion for the members of the Board of Directors, the General Managers and Deputy General Managers (when appointed), Heads of corporate control functions, as well as for the personnel whose remuneration and incentive systems are decided upon by the Board itself, including also the Senior Executive Vice Presidents, Executive Vice Presidents and Senior Vice Presidents, ensuring that these systems are consistent with the Bank's overall choices in terms of risk-taking, strategies, long-term targets, corporate governance structure and internal controls;
- defining remuneration policies for corporate officers (members of Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) in Group companies.

2.1.6 Role of the Shareholders' Meeting

The Shareholders' Meeting, besides establishing the remuneration of members of the bodies it has appointed, approves, among others:

- the remuneration and incentive policies for the members of the supervisory, management and control bodies as well as for the rest of employees;
- the remuneration report disclosing relevant Group compensation-related information and methodologies (advisory vote);
- equity-based compensation schemes;
- the capital increase and/or share buy-back at the service of equity-based compensation schemes;
- the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office including the limits set for said compensation in terms of number of years of fixed remuneration as well as the maximum amount deriving from their application.

Furthermore, the Shareholders' Meeting can exercise, on the occasion of the remuneration policies' approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher than 1:1, but in any case not exceeding the ratio of 2:1 being understood that the proposal shall be recognized as validly approved with the appropriate shareholder representation and voting majority.

2.2 Definition of the Group Remuneration Policy

On an annual basis, the Group Remuneration Policy, as proposed by the Remuneration Committee, is defined by the Board of Directors, and then presented to the shareholders' Annual General Meeting for approval, in line with regulatory requirements.

In particular, the Group Remuneration Policy is drawn up by the Group People & Culture function with the involvement of the Group Risk Management and other relevant functions (e.g. Group CFO) and is validated by the Group Compliance function for all compliance-related aspects, before being submitted to the Remuneration Committee. Once approved at the UniCredit Annual General Meeting, the Group Remuneration Policy is formally adopted by competent bodies in the relevant Legal Entities across the Group in accordance with applicable local legal and regulatory requirements.

The principles of the Group Remuneration Policy are valid across the entire organization and shall be reflected in the remuneration practices applying to employee categories across businesses, including staff belonging to external distribution networks, considering their remuneration peculiarities.

With specific reference to Group Material Risk Takers, the Group People & Culture function establishes guidelines and coordinates a centralized and consistent management of compensation and incentive systems.

In compliance with Group Remuneration Policy and local regulation, Legal Entities, countries and divisions apply compensation framework for all employees.

Furthermore, the elements of the Policy are fully applied across the entire Material Risk Taker population, with local adaptations based on specific regulations and/or business specifics, consistent with the overall Group approach.

Being fully compliant with the principles of the incentive plans, local adaptations allow the achievement of the same results in case the implementation of the Group plan would have some adverse effects (legal, tax or other) for the Group companies and/or beneficiaries residing in countries where the Group is present.

Implementation of Group incentive plans for Group Material Risk Takers fully complies with Bank of Italy requirements and European guidelines, and at the same time considers:

- local needs to adopt alternative solutions as necessary according to local regulators;
- audit outcomes, in each jurisdiction, on the implementation of the incentive systems;
- further needs to introduce corrective measures to address local specificities, with focus on the reconciliation of local differences and home/host regulatory roles.

The main adjustments regarding the implementation of the Group Policy usually concern the use of financial instruments different from the UniCredit shares, the thresholds and deferral schemes, local performance indicators rather than the Group ones, the ratio between variable and fixed remuneration, malus and claw-back procedure, considering an alignment to the regulatory provisions and local peculiarities.

As provided for by Legislative Decree 49/2019, which transposed the Shareholders Rights Directive II into the legal system by amending the TUF, in force since June 2019, UniCredit may, in exceptional circumstances, temporarily derogate from the remuneration policy.

Exceptional circumstances shall cover situations that can be traced back to the general cases provided for by art. 123 ter of TUF, namely in which the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the company as a whole or to assure its viability.

In the event of such exceptional circumstances, the Board of Directors, as proposed by the Remuneration Committee and subject to reasoned favorable opinion by the Related Parties Committee (issued in accordance with the Global Policy on transactions with related parties, associated persons and corporate officers pursuant to art. 136 TUB, irrespective of whether there is an exemption under the Global Policy in this case), may resolve on specific temporary derogations, without prejudice to compliance with legal and regulatory constraints, limited to the contents of the Remuneration Policy related to: (i) the reference pay-mix for CEO, General Manager and Executives with Strategic Responsibilities, (ii) the reference peer group, (iii) the economic parameters of the Group Incentive System and the Group Long-Term Incentive Plan.

UniCredit provides information on any derogation to the remuneration policy applied in exceptional circumstances within Section II Remuneration Report, in the following year.

2.3 Role of the Corporate Control Functions

2.3.1 Role of the Compliance Function

The Compliance function operates in close coordination with the People & Culture function, in order to support the design and the definition of compensation policy and processes according to regulations and regulatory requests.
In particular, the Compliance function, through its structures, evaluates, in coherence with the goal to be compliant to regulations, the Group Remuneration Policy and the incentive systems for Group personnel as drawn up by People & Culture function. It provides input for the design - by People & Culture functions - of compliant incentive systems, as far as it is concerned.
The Group Incentive System for Material Group Risk Takers is defined by Group People & Culture function, with the involvement and collaboration of Group Risk Management and Finance functions, for the overall qualitative assessment of economic sustainability and of risk, and Compliance function. This is to ensure consistency with the goal of complying with regulations, articles of association and any other code of ethics or other standards of conduct applicable to the bank, so that legal and reputational risks mostly embedded in the relationship with customers are duly contained (ref. Bank of Italy).

The Compliance function is also involved in the assessment process for the definition of the Material Risk Taker population, for all compliance-related aspects.
In accordance with the regulatory framework and the UniCredit governance, the guidelines for the definition of the incentive systems for non-Material Risk Taker population are arranged by Group People & Culture function, in collaboration with Group Compliance function.
At local level, the People & Culture structures define the detailed features of incentive systems and submit them to the reference Compliance structures.

2.3.2 Role of the Risk Management Function

UniCredit ensures alignment between remuneration and risk through policies that support risk management, rigorous governance processes based on informed decisions taken by corporate bodies and the definition of compensation plans that include the strategic risk appetite defined by the Risk Appetite Framework, the time horizon and individual behaviours.

The Risk Management function is constantly involved in the definition of the remuneration policy, incentive system and compensation processes, in the identification of objectives, for the performance appraisal as well as for the assessment process to define the Group Material Risk Taker population. This involvement creates an explicit link between the Group incentive mechanisms, selected metrics of the Risk Appetite Framework, the validation of performance and pay, so that incentives are linked to the risk taking and management.

2.3.3 Role of the Internal Audit Function

As part of the remuneration system governance process, the Internal Audit function assesses the implementation of remuneration policies and practices, performing checks on data and internal procedures, in line with its internal policies and procedures. The function evaluates the compensation process, providing recommendations aimed at improving it and bringing to the attention of the relevant functions and bodies any potential weakness, for the adoption of appropriate corrective measures.

2.4 Material Risk Takers identification process

The Material Risk Taker population (i.e. those categories of staff whose professional activities have a material impact on an institution's risk profile) is annually reviewed and on an ongoing basis considering a structured and formalized assessment process both at Group and local level, according to the regulatory requirements related to qualitative and quantitative criteria defined by CRD V and EBA Regulatory Technical Standards (RTS).

This process is internally defined through specific guidelines issued by Group People & Culture function, with the involvement of Group Risk Management and Group Compliance, in order to guarantee a common standard approach at Group level.

2.4.1 Process

Starting from 2010, UniCredit has regularly conducted a self-evaluation to define the Group Material Risk Takers population to whom, according to internal/external regulations, specific criteria for remuneration and incentive requirements are adopted.

Since 2014, UniCredit Group has a Material Risk Takers identification process following the Commission Delegated Regulation (EU) 604/2014. Since 2019, as foreseen by Bank of Italy Circular 285, Material Risk Takers identification process is an integral part of the Group Remuneration Policy and Report. Starting from 2021, UniCredit adopts the identification process embedded in CRD V and in the new EBA RTS regulatory provisions.

The Material Risk Takers identification process is performed annually, on an ongoing basis, at both local and Group level, and it also considers Agents involved in financial activities, Insurance Agents and Financial Advisors.

This Policy regulates the Material Risk Takers identification process and defines the roles and responsibilities of involved functions. In particular:

- People & Culture leads the identification process defining a consistent approach at Group level through specific guidelines;
- Risk Management leads the identification process of positions with material impact on an institution's risk profile of a material business unit;
- Compliance verifies the proper application of what is envisaged by Regulatory Technical Standards, Group Material Risk Takers Internal Guidelines and specific regulation.

Group Legal Entities are actively involved in the identification process of Material Risk Takers coordinated by UniCredit S.p.A., sharing with the Holding Company all necessary information as per received indications.

Specifically, the Group Legal Entities are obliged to identify Material Risk Takers on an individual basis, in compliance with the local or sector-specific regulations, and will adopt the same Group criteria applied at local level following operational and interpretative guidelines issued by the Group, which ensure the overall consistency of the identification process Group wide. In any event, each Legal Entity is responsible for compliance with the provisions directly applicable to them.

The Holding Company, considering the outcomes of the evaluation performed by the various entities as specified above, consolidates results with the goal to identify Group Material Risk Takers.

Subsequently, Group People & Culture together with Group Risk Management, after data consolidation and harmonization, presents documentation to the Group Internal Controls and Risks Committee and to the Remuneration Committee for discussion and finally submits for approval to the Group Board of Directors:

- the methodology[5] and evaluation process for Material Risk Takers both at Group and local level;
- the outcomes of the evaluation process;
- the possible exclusion of "high earners" from Group Material Risk Takers.

5. To be presented by end of June 2022 to UniCredit S.p.A. Internal Controls & Risks Committee, Remuneration Committee and Board of Directors.

Indeed, at the end of the evaluation process, if UniCredit determines that some individuals identified under quantitative criteria could not be considered as Material Risk Takers, it activates the process for exclusion, involving, where requested, competent authorities.

In particular, UniCredit transmits to the European Central Bank or the Bank of Italy timely, and in any case within six months of the previous financial year closing, the request for authorization for personnel with total remuneration amount equal or higher than € 750,000 or within the 0.3% of the personnel which was awarded the highest total remuneration in the previous financial year.

Furthermore, the institution informs the European Central Bank or the Bank of Italy of personnel with total remuneration amount equal or higher than € 500,000 and lower than € 750,000 not having material impact on Material Business Units (the notification is no more requested).

The identified personnel within the Material Risk Takers perimeter is informed through individual written notice.

People & Culture, Risk Management and Compliance repeat the process of evaluation throughout the year with the goal to update the list of Material Risk Takers based on specific events occurring during the year (e.g. appointment, hiring, organizational changes and any other relevant event), ensuring the process is performed continuously and that the re-evaluation of the Material Risk Takers perimeter is submitted to the Group Board of Directors, within the annual Group Remuneration Policy & Report.

2.4.2 Criteria

CRD V and EBA RTS set the regulatory standards concerning qualitative and quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile (so called Material Risk Takers). The identification process is based on the Material Business Unit (MBU) definition that, for consolidation purposes at Group level, is calculated as:

- any Legal Entity/ Division with an allocated Internal Capital equal or greater than 2% of Group Internal Capital;
- organizational units within a Legal Entity with an allocated capital based on proxies equal or greater than 2% at Group level;
- core business lines.

Additionally, criteria (here below simplified) are distinguished in:

- qualitative:
    - all members of the management body and senior management (i.e. those who exercise executive functions within an institution and who are responsible, and accountable to the management body, for the day-to-day management of the institution);
    - staff members with managerial responsibility over the institution's control functions (Internal Audit, Risk Management, Compliance and other functions as locally defined) or material business units or for specific topics (e.g. accounting policies, finance, human resources);
    - staff members with managerial responsibilities for specific risk categories, including voting members within relevant Committees, credit risk exposures, authority on certain transactions and authority on the introduction of new products;
- quantitative[6]:
    - staff members entitled to significant total remuneration equal to or greater than € 500,000 and equal to or greater than the average remuneration awarded to the members of the institution's management body and senior management, having a significant impact on the MBU's risk profile (i.e. when Credit, Market or Operational RWA proxy is equal or above the 2% of the institution/Group);
    - staff member has been awarded in the preceding financial year a total remuneration that is equal to or greater than € 750,000;
    - staff member is within the 0.3% of staff who have been awarded the highest total remuneration in the preceding financial year within an institution with over 1,000 members of staff (for individual identification purposes at Legal Entity level only);
- internal:
    - all personnel awarded in the previous year a Total remuneration higher than Group defined threshold[7];
    - all staff receiving UniCredit shares from Non Standard Compensation awards;
    - all Group personnel with a certain banding level according to the internal role clustering system adopted by the Group;
    - all incumbent with any other additional criteria linked to managerial decision, to be supported by rationale.

The Material Risk Taker identification process is performed at Legal Entity level using the above qualitative, quantitative and internal criteria assessed against the institution's individual risk profile and then consolidated at Group level, applying similar criteria that are assessed against the Group risk profile, as foreseen by the regulatory requirements.

6. For calculation purposes, non-Euro remuneration is converted into Euro using the average yearly relevant FX rate.
7. The staff member is within the 0,3% of the Holding Company staff, rounded to the next higher integral figure, who have been awarded the highest total remuneration in the preceding financial year within the institution.

2.4.3 Preliminary results of the identification process

The 2022 Material Risk Taker population was updated at the beginning of the year based on preliminary application of the new regulatory framework.

In February 2022, the preliminary result of the assessment process to define the Group Material Risk Taker (GMRT) population was broadly in line with the one of last year.

In line with EBA and Bank of Italy provisions, UniCredit or the Group Legal Entities will evaluate the possibility to activate, in case of no material impact on Group/institution risks, the exclusion process, as per the foreseen regulatory timeline.

2.5 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities

The remuneration for members of the administrative and controlling bodies of UniCredit is represented only by a fixed component, determined on the basis of the relevance of the position and the time required for the performance of the responsibilities assigned. This policy applies to non-Executive Directors as well as Statutory Auditors. The compensation paid to non-Executive Directors and Statutory Auditors is not linked to the economic results achieved by UniCredit and such persons do not take part in any incentive plans based on stock options or, generally, based on financial instruments. The remuneration policy for members of the corporate bodies of the Group Legal Entities is based on the same principles, consistently with the local regulatory requirements.

› Board of Directors

Pursuant to Clause 20 of the UniCredit's Articles of Association, the ordinary Shareholders' Meeting convened for the approval of the accounts relating to the last financial year of the outgoing Board of Directors is required to appoint the new Board of Directors for the next three financial years. In accordance with UniCredit's Articles of Association, the outgoing Board of Directors presented its list of candidates for the renewal of the body with supervisory functions at the Shareholders' Meeting called for April 15, 2021, together with a proposal on the remuneration of the new Board of Directors and its Committees.

During the end of 2020 and the beginning of 2021, the Group People & Culture and Group Corporate Affairs functions supported the Remuneration Committee and more generally the Board of Directors in the drafting of a proposal to revise the remuneration for the new Board of Directors to be submitted to the Shareholders' Meeting of April 15, 2021, including attendance fees for participation in meetings of the Board and its Committees.

In drafting the proposal for the remuneration of the members of the administrative body, the following elements were considered, among others:

- the reduction of the number of Directors;
- market benchmark data - provided by a leading independent consultant, Willis Towers Watson - relating to the remuneration of members of the Board of Directors and Board Committees in the so-called "peer group" and in the major financial services companies in the FTSE MIB;
- the commitment required in relation to the activities of the individual Committees, in terms of time commitment (average duration of meetings) and scope of activities.

The Shareholders' Meeting of April 15, 2021 resolved in favour of the new Board of Directors list presented by the outgoing Board of Directors as well as of the Board and its Committees' remuneration. No remuneration review is foreseen for 2022.

› Board of Statutory Auditors

Pursuant to Clause 30 of the Company's Articles of Association, the ordinary Shareholders' Meeting is required to appoint five permanent Statutory Auditors, amongst whom the Chairman, and four substitute Statutory Auditors, ensuring the balance between genders. The appointed Auditors remain in office for three financial years with the relative term expiring on the date of the Shareholders' Meeting called to approve the financial statements for the third financial year of their office.

Contextually, in addition to the appointment, the Shareholders' Meeting is called to determine also the annual remuneration due to the permanent members of the Board of Statutory Auditors for their entire term of office. The remuneration proposal can be brought forward to the Shareholders' Meeting by any Shareholder.

In light of the Board of Statutory Auditors term expiry, the Shareholders' Meeting of April 8, 2022 is called to resolve on the appointment of the new Board of Statutory Auditors as well as on their remuneration.

› CEO and Executives with Strategic Responsibilities

The Board of Directors also identifies the "Executives with Strategic Responsibilities" with own resolution, for the application of all related corporate and regulatory rules and provisions.

The definition of Executives with Strategic Responsibilities was updated on October 12, 2021 to reflect the new top management composition and to optimize the governance framework. As such, under the new definition, Executives with Strategic Responsibilities include the GEC members – excluding the members of the CEO Office (Head of Group Strategy & Optimization and Head of Group Stakeholder Engagement) – and the Chief Audit Executive. Therefore, at the beginning of 2022, the aggregate of Executives with Strategic Responsibilities is composed as follows: Group CEO, Head of Italy, Head of Germany, Head of Central Europe, Head of Eastern Europe, Head of Client Solutions, Chief Financial Officer, Group People & Culture Officer, Group Digital & Information Officer, Group Operating Officer, Group Risk Officer, Group Compliance Officer, Group Legal Officer, Chief Audit Executive.

In line with the 2022 Group Remuneration Policy, the CEO and the other Executives with Strategic Responsibilities remuneration framework is based on a total compensation set at individual levels on the basis market data, role, seniority, need to retain or attract the best-in-class talents, individual performance and UniCredit's overall performance over time.

Based on the incentive systems in place, for the CEO and the other Executives with Strategic Responsibilities the 2022 reference variable remuneration split considering the maximum achievement of variable remuneration is represented in the following summary.

2022 reference pay-mix for the Executives with Strategic Responsibilities

● Short-Term incentive subject to Long-Term conditions ● Short-Term Incentive (no Long-Term conditions)

	Maximum ratio between fixed and variable remuneration	2022 variable remuneration split[A] (considering the maximum achievement of variable remuneration)
Chief Executive Officer	200%	60 / 40
Business Functions	200%	60 / 40
Corporate Control Functions	33%	100
Others[B]	100%	60 / 40

A. Pre-adjustment post long-term performance conditions.
B. For People & Culture function and the Manager in Charge of Drafting the Company Financial Reports the fixed remuneration is expected to be predominant in respect to the variable one and long-term incentive conditions are not foreseen.

FOCUS

The members of the administrative and control bodies as well as the Executives with Strategic Responsibilities benefit from a specific civil liability insurance policy, the "Directors & Officers Policy", also known as D&O Policy. For the Directors and the Statutory Auditors, this benefit is approved by the Shareholders' Meeting.

The Chairman of the Board of Directors is entitled to life and permanent disability insurance coverage resulting from injury occurring under any circumstances. The Directors, Statutory Auditors and the Secretary of the Board of Directors benefit from life and permanent disability insurance coverage resulting from injury arising from accidents that occurred while performing the specific duties of the position.

The Executives with Strategic Responsibilities benefit from the company treatment, provided for the Dirigenti population, relating to health care and life and permanent disability cover resulting from both injury and illness, in line with the band to which they belong under the Global Job Model. In addition, they benefit from an insurance coverage that provides for the settlement in favour of UniCredit of the residual debt, up to a certain cap, of the first home mortgage under the conditions provided for Group personnel in the event of death.

Any benefits provided on an "ad personam" basis shall be managed in compliance with applicable regulations.

3. Compliance and Sustainability Drivers

To support the design of remuneration and incentive systems[8], with particular reference to network roles (also including credit intermediaries) and Corporate Control Functions, the following "compliance and sustainability drivers" have been defined, in line with the applicable regulation[9].

› Remuneration general principles

- Maintain an adequate balance of fixed and variable compensation elements also with due regard to the role and the nature of the business performed. The fixed portion is maintained sufficiently high in order to allow the variable part to decrease, and in some extreme cases to drop down to zero;
- set an appropriate mix between short and long-term variable compensation, consistent with the strategies, market and business practices of reference and in line with the long-term interests of the Group;
- foresee that the remuneration policy, with specific reference to variable remuneration, should contribute to the business strategy, long-term interests and sustainability of the company and should not be linked entirely or mainly to short-term objectives;
- include in the remuneration policies information on how those policies are consistent with the integration of sustainability risks;
- provide that the Group remuneration policies and practices are gender neutral and support the equal treatment of staff of different genders;
- incorporate control systems on promotion and compensation processes to monitor compliance with relevant Anti Bribery and Corruption policies.

› Incentive Systems

- Build incentive systems based on profitability, financial stability, sustainability and other drivers of sustainable business practice with particular reference to risk, cost of capital and efficiency;
- design flexible incentive systems so to manage payout levels in consideration of overall Group, Country/division performance results and individual achievements, adopting a meritocratic approach to selective performance-based reward;
- design incentive systems which do not, in any way, induce risk-taking behaviours in excess of the Group's strategic risk appetite; in particular the incentive systems should be coherent to the Risk Appetite Framework ("RAF");
- design forward-looking incentive plans which balance internal key value driver achievements with external measures of value creation relative to the market;
- design incentive systems to set minimum performance thresholds below which zero bonus will be paid. In order to maintain the adequate independence levels for Corporate Control Functions, for Human Resources and the Manager in Charge of Drafting the Company Financial Reports, provide a maximum threshold for the progressive reduction of the bonus pool, which can be phased out to zero only in presence of exceptionally negative situations with an approval process including a governance step by the Board of Directors;
- subject the remuneration to correction mechanisms that allow it to be reduced (even significantly) or zeroed, for example in the case of behaviours, by relevant persons or credit intermediaries, that have caused or contributed to significant damage to customers or a significant breach of the rules contained in Title VI of the T.U.[10], the relevant implementing provisions or Codes of Ethics or Conduct for the protection of customers applicable to the intermediary.

› Goals and performance management

- maintain an adequate mix of economic and non-economic (quantitative and qualitative) goals, depending on the role, considering also other performance measures as appropriate, for example risk management, adherence to Group values or other behaviours;
- accompany the qualitative measures by an ex-ante indication of objective parameters to be considered in the evaluation, the descriptions of expected performance and the person in charge for the evaluation;
- relate the non-economic quantitative measures to an area for which the employee perceives a direct link between her/his performance and the trend of the indicator;
- include among the non-economic goals (quantitative and qualitative), where relevant, goals related to customer loyalty and level of satisfaction, risk as well as to compliance (e.g. credit quality, operational risks, application of MiFID principles, products sales quality, respect of the customer, Anti Money Laundering requirements fulfillment);
- set and communicate ex-ante clear and pre-defined parameters as drivers of individual performance;

8. Also considering third-party incentives.
9. Including Bank of Italy provisions "Transparency of banking and financial transactions and services - Fairness of relations between intermediaries and clients".
10. Title VI of the Consolidated Banking Act, Transparency of contractual conditions and relations with clients.

Section I
2022 Group Remuneration Policy - 3. Compliance and Sustainability Drivers

- avoid incentives with excessively short timeframes (e.g. less than three months);
- promote a customer-centric approach which places customer needs and satisfaction at the forefront and which will not constitute an incentive to sell unsuitable products to clients;
- take into account, even in remuneration systems of the external networks (financial advisors), the principles of fairness in relation with customers, management of legal and reputational risks, protection and loyalty of customers, compliance with the provisions of law, regulatory requirements, and applicable self-regulations;
- create incentives that are appropriate in avoiding potential conflicts of interest with customers and in terms of market manipulation, considering fairness in dealing with customers and the endorsement of appropriate business conduct and usage of privileged information (e.g. benchmark contributors);
- consider performance on the basis of annual achievements and their impact over time;
- include elements which reflect the impact of individual's/business units' return on the overall value of related business groups and organization as a whole;
- avoid bonuses linked to economic results for Corporate Control Functions[11], for Human Resources and Manager in Charge of Drafting the Company Financial Reports and set, for the employees in these functions, individual goals that shall reflect primarily the performance of their own function and that will be independent of the results of monitored areas, in order to avoid conflict of interest;
- recommend the approach for Corporate Control Functions also where possible conflicts may arise due to the function's activities. In particular, this is the case for functions (if any) performing only control activities pursuant to internal/external regulations such as in some structures in Accounting/Tax structures[12];
- ensure independence between front and back office functions in order to guarantee the effectiveness of cross-checks and avoid conflict of interest, with a particular focus on trading activities, as well as ensuring the appropriate independence levels for the functions performing control activities;
- define incentives not only based on financial parameters for personnel providing investment services and activities, but also taking into account the qualitative aspects of the performance, in order to avoid potential conflicts of interest in the relationship with customers[13];
- avoid incentives on a single product or financial instrument or specific categories of financial instruments, as well as single banking/insurance product;
- avoid an incentive for the joint selling of the optional contract and the financing as opposed to the sale of the financing alone, where the contract offered in conjunction with the financing is optional;
- promote prudent credit growth and appropriate risk-taking behaviour, and not encourage excessive risk taking; variable remuneration of the staff involved in credit granting:
    - is linked, among others, to the long-term quality of credit exposures;
    - includes, in terms of performance objectives and targets, credit quality metrics and is in line with credit risk appetite;
- define, for Commercial Network Roles, goals that include quality/riskiness/sustainability drivers of the products sold, in line with client risk profile. Particular attention shall be paid to the provision of non-economic goals for customer facing roles selling products covered by MiFID. For these employees, the incentives must be defined in a way to prioritize customer loyalty and satisfaction and at the same time avoid potential conflicts of interest towards them;
- for the staff responsible for handling complaints, foresee indicators taking into account, among other things, the results achieved in handling complaints and the quality of customer relations;
- indicate clearly within all rewarding system communication and reporting phases that the final evaluation of the employee achievements will also rely, according to local requirements on qualitative criteria such as the adherence to compliance and Code of conduct principles;
- put in writing, document and make available for the scrutiny of independent checks and controls the entire evaluation process;
- define *ex-ante* the evaluation parameters, for those cases where individual performance evaluation systems are fully or partially focused on a managerial discretional approach. These parameters should be predetermined, clear and documented to the manager in due time for the evaluation period. Such parameters should reflect all applicable regulation requirements[14] (including the balance between quantitative and qualitative parameters). The results of managerial discretional evaluation should be formalized for the adequate and predefined monitoring process by the proper functions and an appropriate repository should be created and maintained (e.g. inspections/request from the Authorities);
- do not link goals, for research management and analysts, to any financial transactions or revenues of single business areas, but for example consider linking them to the quality and accuracy of their reports.

11. Meaning Internal Audit, Risk Management and Compliance functions, pursuant to Bank of Italy Circular 285 of December 17, 2013, 37th update of November 24, 2021. Where CRO roles cover both Underwriting and Risk Management functions, goals assigned must not represent a source of conflict of interest between Risk Management and Underwriting activities.
12. Where CFO roles cover also Financial Statements preparation, possible economic measures have to be chosen in a conflict - avoidance perspective.
13. For example: ESMA requirements, with reference to MiFID remuneration policies and practices; Technical Advice ESMA on MiFID II (Final Report 2014/1569); MiFID II specific articles regarding remuneration/incentives for relevant subjects.
14. Also in line with the regulation references reported in the previous notes.

› Payout

- Defer performance-based incentive payout, as foreseen by regulatory requirements, to coincide with the risk timeframe of such performance by subjecting the payout of any deferred component until actual sustainable performance has been demonstrated and maintained over the deferral timeframe, so that the variable remuneration takes into account the time trend of the risks assumed by the bank (i.e. malus mechanisms);
- consider claw-back actions as legally enforceable on any performance-based incentive paid out on the basis of a pretext subsequently proven to be erroneous;
- include clauses for zero bonus in circumstances of non-compliant behaviour or qualified disciplinary action, subjecting payout to the absence of any proceeding undertaken by the company for irregular activities or misconduct of the employee with particular reference to risk underwriting, sales processes of banking and financial products and services, internal code of conduct or values breach;
- require employees to undertake not to use personal hedging strategies or remuneration and liability - related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

Drivers for Commercial Campaigns and for Infra year bonus

Within network roles incentive systems, particular attention is paid to "Commercial Campaigns" and "Infra year bonus", which may be organized after receiving an opinion on the admissibility from the competent Committee (e.g. Product Committee). They represent business actions aimed at providing guidance to the sales network towards the achievement of the period's commercial targets (also intermediate, for instance on a half-year basis) and with a direct impact on the budget and related incentive systems.

Among the distinctive features of the commercial campaigns and of the infra year bonus, there is the expectation of the award - in cash or non-monetary reward. Commercial Campaigns and Infra year bonus can also help the function to accelerate the achievement of certain objectives of the incentive system. The grant of awards must be subordinated to behaviours compliant with the external and internal regulations.

Under no circumstances may the system of remuneration and evaluation of the sales network employees constitute an incentive to sell products unsuitable to the financial needs of the clients. In particular, the following "compliance and sustainability drivers" have been defined:

- set-up of the incentive mechanisms using criteria which are consistent with the best interest of the client, and which avoid in any case conditions of potential conflicts of interest with customers, and coherently with relevant regulatory provisions (e.g. MiFID, EBA Guidelines on the sale of banking products and services);
- ensure consistency between the Campaign's objectives with the objectives set when defining the budget and when assigning targets to the sales network;
- avoid Commercial Campaigns on a single financial or banking product/financial instrument;
- include clauses for zero bonus payment in case of relevant non-compliant behaviour or qualified disciplinary actions;
- avoid Campaigns which - not being grounded on objective and customer interests related basis - may directly or indirectly lead to breaching the rules of conduct regarding clients;
- avoid Campaigns lacking a clear indication of the targets and of the maximum level of incentive to be granted for achieving those targets;
- avoid, in general, Campaigns related to specific commercial objectives that provide benefits for higher hierarchical levels or to the budget of the higher territorial structure.

The remuneration policies drawn up in accordance with the Transparency regulation[15] include an indication of the number of relevant persons and credit intermediaries to whom they apply, as well as the role and functions held by them.

The indication of the role and functions of relevant persons is provided by area of activity, without prejudice to the distinction between persons who offer products directly to customers and persons to whom they report hierarchically.

15. Bank of Italy "Transparency of banking and financial transactions and services - Fairness of relations between intermediaries and clients".

Relevant persons and credit intermediaries to whom the rules on Banking Transparency apply

	Role/position covered	Subjects that offer products directly to customers	Subjects to which the former respond hierarchically
Employees	Senior Banker / Deputy Area Manager	456	222
	Branch Manager (including deputy, if any)	2,834	69
	Commercial Coordinator / Team Leader	34	15
	Private Banking / Wealth Management relationship manager	657	53
	Retail affluent relationship manager	2,356	862
	Retail mass market advisor	9,178	1,717
	Small business relationship manager	1,271	67
	Corporate banking relationship manager	880	76
	Product specialist	162	16
	Commercial assistants / staff	1,737	182
Credit Intermediaries & Financial Advisors	Agent in financial activity	404	2
	Credit intermediary	3	1
	Other credit intermediaries	1	1
	Financial Advisor	20	6

Data as of December 31, 2021.

4. Compensation Framework

Within the framework provided by the Group Remuneration Policy, UniCredit is committed to ensuring fair treatment in terms of compensation and benefits regardless of gender identity, age, race, ethnicity, sexual orientation, ability, background, religious or ethical values system and political beliefs or any other category protected by law in the local jurisdiction.

The total compensation approach of UniCredit provides for a balanced package of fixed and variable, monetary and non-monetary elements, each designed to impact in a specific manner the motivation and retention of employees.

In line with the applicable regulations, particular attention is paid to avoiding incentive elements in variable compensation which may induce behaviours not aligned with the company's sustainable business results and risk appetite.

As a policy target, Material Risk Takers total compensation is set on the market median as reference, with the possibility to increase to attract and retain top-class talents, able to improve UniCredit's competitive position, with individual positioning being defined on the basis of specific performance, potential and people strategy decisions, as well as UniCredit's performance over time.

With particular reference to the Material Risk Taker population, the Board of Directors, on the basis of the proposal made by the Remuneration Committee, establishes the compensation structure for top positions, defining the mix of fixed and variable compensation elements, consistent with market trends and internal analysis performed.

Moreover, the Board of Directors annually approves the criteria and the features of the incentive plans for Material Risk Takers, ensuring the appropriate balance of variable reward opportunities within the pay-mix structure.

Remuneration can be either:

- fixed (e.g. salary) or
- variable (e.g. short-term incentives, long-term incentives).

Within this section details are provided also with regards to the following topics:

- continuous Monitoring of Market Trends and Practices;
- ratio between variable and fixed compensation;
- share ownership guidelines.

Additionally, according to their peculiarities, further remuneration components can be classified as fixed or variable remuneration as described in this chapter and in line with regulatory framework and more precisely:

- non-standard compensation;
- benefits;
- severance.

4.1 Continuous Monitoring of Market Trends and Practices

At Group level, UniCredit analyzes the overall compensation trends of the market through a continuous benchmarking activity, in order to make informed decisions and adopt competitive reward structures for effective retention and motivation of the key resources.

With specific reference to the executives of the Group, an independent external advisor supports the Remuneration Committee in the definition of the direct competitors that represent the international group-level peers of UniCredit (peer group) with regards to whom compensation benchmarking analysis is performed on market trends, practices and compensation levels.

The peer group is defined by the Remuneration Committee considering the main European competitors in terms of market capitalization, total assets, business scope and dimension.

At country/division level and as appropriate throughout the organization, benchmarking and trends analysis may be conducted considering relevant peer groups to assure competitive alignment with the market of reference.

The peer group is subject to annual review to assure its market representativeness.

For 2022, following a review with the support of an analysis conducted by the Remuneration Committee's advisor, and with aim of better alignment to UniCredit's strategic positioning, the European peer group has been updated to include: Banco Santander, Barclays, BBVA, Commerzbank, Credit Agricole, Deutsche Bank, Erste Bank, ING, Intesa Sanpaolo, Nordea Bank, Société Générale and UBS.

4.2 Fixed compensation

› Definition and objective

Fixed remuneration is the part of remuneration that is stable and irrevocable, determined and given based on pre-defined and not discretionary criteria, such as the professional experience, responsibility and seniority level. It does not create an incentive to risk taking and it does not depend on the bank's performance. Fixed remuneration includes, for example, base salary, Role Based Allowance, certain packages related to expatriate status and other fixed components assigned on the basis of standard rules.

Base salary is defined on the basis of the specific business pertaining to each individual as well as the skills and competencies that the individual brings to the Group. The weight of the fixed compensation component is sufficient to reward the activity performed even in case the variable part of the remuneration package was not paid due to non-achievement of performance goals, in order to reduce the risk of excessively risk-oriented behaviours, to discourage initiatives focused on short-term results and to allow a flexible bonus approach.

› Features

Specific pay-mix guidelines for the weight of fixed versus variable compensation are defined with respect to each target employee population. With particular reference to the executives of the Group, the UniCredit Remuneration Committee establishes:

- the criteria and guidelines to perform market benchmarking analysis for each position in terms of compensation levels and pay-mix structure, including the definition of specific peer groups at Group, country/divisional level and the list of preferred external "executive compensation providers";
- the positioning of compensation, in line with relevant market's competitive levels, defining operational guidelines to perform single compensation reviews as necessary.

4.3 Variable compensation

› Definition and objective

Variable compensation includes any payments that depend on performance, independently from how it is measured (profitability/revenues/other goals) or on other parameters. It includes, for example, discretionary pension benefits and mutually agreed payments between the bank and its personnel in case of early termination of the employment relationship or office (excluding the statutory deferred payments and the indemnity in lieu of notice) and the carried interests, entry bonus, special award, retention bonus, stability pact and non-competition agreement. Additionally, it is any other form of remuneration that does not specifically qualify as fixed remuneration.

Variable compensation aims to remunerate achievements by directly linking pay to performance outcomes in the short, medium and long-term. This is then risk adjusted. To strengthen the alignment of shareholders' interest and the interests of management and employees, performance measurement reflects the actual results of the Company overall, the business unit of reference and the individual. As such, variable compensation constitutes a mechanism of meritocratic differentiation and selectivity.

› Features

Adequate ranges and managerial flexibility in performance-based payouts are an inherent characteristic of well-managed, accountable and sustainable variable compensation, which may be awarded via mechanisms differing by time horizon and typology of reward.

Incentives remunerate the achievement of performance objectives, both quantitative and qualitative, by providing for a variable bonus payment. An appropriately balanced performance-based compensation element is encouraged for all employee categories, as a key driver of motivation and alignment with organizational goals and is set as a policy requirement for all business roles. The design features, including performance measures and pay mechanisms, avoid an excessive short-term focus by reflecting the principles of the policy, focusing on parameters linked to profitability and sound risk management, in order to guarantee sustainable performance in the medium and long-term. In alignment with the overall mission, the characteristics of incentive systems also reflect the requirements of specialized businesses.

More information on the compliance and sustainability drivers related to the design of remuneration and incentive systems, with particular reference to network roles and Corporate Control Functions, are reported in the dedicated section.

With particular reference to trading roles and activities, organizational governance and processes as well as risk-management practices provide the structure for a compliant and sound approach, whereby levels of risk assumed are defined and monitored centrally by the relevant Group functions. This structure reinforces the consistent remuneration approach which adopts performance measures based on profitability rather than revenues, risk-adjusted rather than non risk-adjusted, relative rather than absolute indicators.

4.3.1 Short-Term Remuneration

Short-term remuneration aims to attract, motivate and retain strategic resources and to maintain full alignment with the latest national and international regulatory requirements and with best market practices.

Payout is based on a bonus pool approach providing for a comprehensive performance measurement at individual and at Group/Country/division level. Reward is directly linked to performance, which is evaluated based on results achieved and on the alignment with the leadership model and values of UniCredit. Performance management for Group Material Risk Takers is managed according to central governance ensuring fair and coherent appraisal process across the organization, leveraging on a unique repository at Group level.

For Material Risk Takers, the payout is partially deferred to fit an appropriate risk time horizon. The design features of incentive plans for Material Risk Takers are aligned with shareholder interests and long-term, firm-wide profitability, providing for an appropriate allocation of performance related incentives in cash and in shares, upfront and deferred.

The short-term remuneration for Group Material Risk Takers population is regulated under the Group Incentive System, as described in the Group Remuneration Policy.

Additionally, local incentive systems (e.g. commercial campaigns, incentive systems for local Material Risk Takers) may exist, following the principles included in this Policy, and described within local regulations.

Each year, detailed information about our compensation governance, key figures and the features of Group incentive systems is fully disclosed in the Group Remuneration Policy.

4.3.2 Long-Term Remuneration

Long-term remuneration aims to strengthen the link between variable compensation and Company results and further align the interests of senior management and shareholders.

The long-term remuneration envisages:

- adjustment of part of the short-term remuneration based on the achievement of specific performance conditions and allocation of such remuneration mostly based on shares or other instruments reflecting the trend of the shares;
- multi-year targets consistent with UniCredit strategic targets;
- additional performance conditions to enhance long-term sustainability of results;
- multi-year deferral with the application of Zero factor conditions, which provides for minimum requirements related to profitability, liquidity and capital;
- the application of a holding period of the actual awards after the deferral period;
- awards subject to individual malus and claw-back conditions, as legally enforceable.

FOCUS

Group common guidelines on the key elements of Executive contracts ensure alignment with regulatory requirements and also with the Internal Audit recommendations, in particular regarding contract elements with specific regulatory provisions, such as variable compensation and severance provisions.

Group guidelines provided in case of eligibility to variable compensation have to be mentioned in the Executive contracts.

Amounts related to variable pay and any technical details of payments (vehicles used, payment structure and time schedule) are included in separate communication and managed in strict adherence to governance and delegation of authority rules.

4.4 Non-standard compensation

Non-standard compensation refers to those compensation elements considered as exceptions (e.g. entry bonus[16], special award, retention bonus, Role-Based Allowance, stability pact and non-competition agreement).

Such awards are limited only to specific situations, as appropriate, related to the hiring phase, launch of special projects, achievement of extraordinary results, high risk of leaving for executives of the Group, mission critical roles and positions covered in specific corporate functions. In particular, guaranteed bonus granted in relation to the hiring phase are an atypical form of compensation, which is not common practice for the Group. Its use is strictly limited to those cases where there is a clear need of attracting best talents and critical competencies in the market.

As a general rule, non-standard compensation elements are considered variable remuneration. In specific cases, for example the Role-Based Allowances for Corporate Control Functions, they are fixed remuneration.

Moreover, awards must in any case comply with regulations in force at the time (e.g. cap on the ratio between variable and fixed remuneration, technical features defined by regulation for bonus payout, if applicable) and with UniCredit governance processes, which are periodically monitored and disclosed for regulatory requirements, as well as subject to capital and liquidity entry conditions, malus conditions and claw-back actions, as legally enforceable. Variable non-standard compensation rules are specified either on the dedicated letter of award or referring to the Group Incentive System rules in force.

16. For the recruitment of new staff and limited to the first year of employment. It cannot be granted more than once to the same person, either by the bank or by another Legal Entity in the Group (Bank of Italy Circular 285 of December 17, 2013, 37th update of November 24, 2021).

FOCUS

Role-Based Allowance

In 2019, UniCredit introduced Role-Based Allowances (RBA) for Corporate Control Functions in Italy. RBAs are considered fixed components of the remuneration, in line with regulatory provisions and market practices.

This compensation item aims to:

- ensure competitiveness on international level in terms of total compensation, avoiding excessive increases in the base salary in consideration of restrictive variable to fixed ratio for Corporate Control Functions in Italy;
- allow and facilitate the rotation between business and control functions roles within the Group;
- provide a sign of attention to the professional figures who hold relevant roles for the Group.

RBA in UniCredit is a pre-defined amount (depending on banding and criticality of the role) targeted at specific roles, not linked to performance and therefore not favouring risk-taking attitude.

It cannot be reduced, suspended or cancelled discretionally as long as the employee is in a specific role granting the allowance within a given banding level and it can be re-evaluated regularly. As a general rule, RBAs are individually assigned to the employee at the date of the appointment to a control function role, and removed in case of moves in positions not eligible for an RBA.

4.5 Benefits

› Definition and objective

Benefits include welfare benefits that are supplementary to social security plans, healthcare and work-life balance benefits and are intended to provide substantial guarantees for the well-being of staff and their family members during their active career as well as their retirement.

In addition, special terms and conditions of access to various banking products and other services may be offered to employees in order to support them during different stages of their lives.

From a total compensation perspective, benefits aim to reflect internal equity and overall coherence of the remuneration systems, meeting the needs of different categories as appropriate and relevant.

› Features

In coherence with the governance framework of UniCredit and the Global Job Model, benefits are assigned by applying general common criteria for each employee category, while types and characteristics of benefits are established on the basis of local regulations and practices.

By way of example, if in line with local laws, regulations and market practices, company cars or equivalent mobility grants, rents or accommodation grants may be assigned to certain categories of employees. Group-wide benefit policies are also in place for staff seconded abroad, defined in line with common market practices for equivalent multinational companies.

Benefits that are not awarded on the basis of the above common criteria are considered variable remuneration.

Furthermore, UniCredit affirms the value of share ownership as a valuable tool for enabling the engagement, affiliation and alignment of interests among shareholders, management and the overall employee population. The possibility is therefore considered, from time to time and as appropriate in light of local legal and tax requirements, to offer employees the opportunity to invest and participate in the future achievements of the Group through share-based plans whereby employees can purchase UniCredit shares at favourable conditions.

4.6 Severance

According to the regulatory requirements included in the Bank of Italy Circular 285, a specific Policy on payments to be agreed in case of early termination of a contract (so called Severance Policy) was firstly submitted for approval to the 2015 Annual General Meeting.

An update of that policy, with more restrictive provisions compared with the previous one, was then approved by the 2017 Annual General Meeting.

On October 23, 2018, Bank of Italy had published the 25th update of the Circular 285 that, inter alia, ruled that all amounts defined upon or in view of the early termination of employment - with the exception of the notice due by law and the statutory deferred pay (Trattamento Fine Rapporto) - are variable remuneration and are included in the calculation of the cap to the variable remuneration for the Material Risk Takers, with the exception of:

- the consideration for non-competition covenants that do not exceed one annual fixed remuneration for each year of duration of the undertaking;
- the amounts for the settlement of an existing or potential dispute related to the resolution of the employment, as long as calculated on the basis of a predefined formula contained in the Policy.

As a consequence, an updated Severance Policy was submitted for approval to the Annual General Meeting of April 11, 2019 that, without changing the main criteria and limits, incorporated the new regulatory requirements, foreseeing - inter alia - a predefined formula for the calculation of severance payments that, used for the settlement of a current or potential dispute related to employment termination, allows not to count them towards the cap for the variable remuneration.

On April 15, 2021, a further update of the Policy was submitted to the Shareholders' Meeting for approval, aimed at reflecting changes in UniCredit's competitive positioning and managing specific compensation practices in particular situations.

In particular, the main amendment proposed envisages - without prejudice to all the main terms of the current Policy[17] - that only the absolute maximum amount is increased from 7.2 million € to 15 million € in view of the new competitive positioning.

It was specified that:

- in the case of multi-year incentive plans with lump sum disbursement, the reference remuneration for the calculation of severance pay will conventionally consider the disbursement as spread over the vesting/maintenance period;
- in the case of executives whose total remuneration is paid under various contracts that in any event represent the components of a single overall framework, the reference remuneration for the calculation of severance payments will be the total remuneration received under the various contracts, provided that these contracts are terminated at the same time.

For details on criteria, limits and authorization processes, please refer to the above-mentioned Policy.

Generally, the calculation of any severance payment takes into consideration the long-term performance in terms of shareholder added value, as well as any local legal requirements, collective/individual contractual provisions, and any individual circumstances, including the reason for termination.

According to the Severance Policy provisions, severance payments, inclusive of notice, do not exceed 24 months of total compensation (including the base salary and the average amount of the incentives actually received during the last three years prior to the termination, after the application of malus and claw-back, if any.
Further elements - such as the value of fringe benefits possibly granted to the employee - may be included in the computation of the above-mentioned basis if this is required or foreseen by regulations, laws, contracts or common practices locally applicable). It is also foreseen that the amount of the payments additional to notice cannot exceed 18 months of compensation. In any case, the termination payments, which consider also the duration of the employment, do not exceed the limits foreseen by the laws and collective labour agreements locally applicable in case of lay-off.

As a rule, discretionary pension benefits are not granted and, in any case, even if they should be provided in the context of local practices and/or, exceptionally, within individual agreements, they would be paid consistently with the specific and applicable laws and regulations.

Individual contracts should not contain clauses envisaging the payment of indemnities, or the right to keep post-retirement benefits, in the event of resignations or dismissal/revocation without just cause or if the employment relationship is terminated following a public purchase offer. In case of early termination of the mandate, the ordinary law provisions would therefore apply.

4.6.1 Members of the Board of Directors, General Managers and other Executives with Strategic Responsibilities

With particular reference to the members of the management bodies, general managers and other key management personnel and the related requirements set out by Consob Issuers Regulation no. 11971, it is specified that:

- the treatments envisaged in the event of termination of office or termination of employment are set out in the "Group Termination Payments Policy" which, pursuant to Bank of Italy regulations, is subject to specific approval by the Shareholders' Meeting;
- the members of the Board of Directors are bound by directorships, the term of which coincides with the term of office. In the event of early termination, the normal legal provisions shall apply to them. General Managers and other Executives with Strategic Responsibilities have employment relationships, generally of indefinite duration, as Dirigenti under the "National Collective Labour Agreement for Managers employed by credit, financial and instrumental companies" (the "CCNL"), unless employed abroad, in which cases the corresponding local practices and rules apply;
- the notice period foreseen for the termination of the relationship, if the circumstances foreseen by the law occur, is the one foreseen by the CCNL. In the event that agreements are in place that, at individual or aggregate level, envisage the recognition of conventional seniority and/or measures that differ from the standard ones, the circumstance is reported in the Remuneration Report. In no case the notice period exceeds 12 months;
- all the criteria for determining the amounts agreed between the bank and the staff in view of or on the occasion of the early termination of the employment relationship or for the early termination of the office are defined within the "Group Termination Payments Policy", which also provides indications of the components to be considered in the calculation of the reference remuneration and the elements to be used, within the framework of a specific formula, to determine the number of months' pay actually due;
- the amounts paid in relation to the termination of the relationship take into account, in any case, the long-term performance, the creation of value for shareholders, and do not reward failure or abuse. For further details in this regard, please refer to the "Group Termination Payments Policy";
- the regulations of the short-term and long-term incentive plans determine what effect termination of employment has on them, depending on the circumstances. In general, termination results in the loss of all benefits payable, except in specific circumstances where the individual qualifies as a "good leaver." In such cases, if the termination occurs during the performance period, the beneficiary will be entitled to a pro rata award, subject to the achievement of the relevant conditions at the end of the period and, in any event, in accordance with the deferred payment schedule and all other terms and conditions set forth in the regulations.
  Recognition of good leaver status is generally provided in the following cases:
    - termination due to any physical impediment including illness, injury or permanent disability as determined by applicable laws;
    - retirement, including by agreement with the Company and/or enrolment in early retirement or redundancy plans;
    - the company that employs, or the line of business in which the beneficiary works, ceases to be part of the Group or is transferred to a person or legal entity not belonging to the Group.

  The status of "good leaver" may also be acknowledged, taking into account the specific circumstances and the company's interest, within the scope of specific agreements entered into with the beneficiary upon - or in exceptional cases, before - termination of the relationship.
  Any agreements that provide for ex-ante recognition of the status of "good leaver" as an exception to the principles outlined above are disclosed in the Remuneration Report;
- the granting or retention of non-monetary benefits beyond a short transitional period immediately following the termination of the relationship, or the conclusion of consultancy contracts for a period following the termination of the relationship, is generally excluded.
  Should this occur, the circumstance would be reported in the Remuneration Report and the economic benefit would be included in the provisions of the "Group Termination Payments Policy".

17. In particular, that severance pay, including notice, shall not exceed 24 months of total remuneration, that the additional portion of notice shall in no case exceed 18 months remuneration and that the absolute maximum limit of severance pay shall remain at 6 times fixed remuneration, with no possibility of exceptions.

4.7 Ratio between variable and fixed compensation

In compliance with applicable regulations, the adoption of a maximum ratio between variable and fixed remuneration of 2:1 for the personnel belonging to the business functions has not changed, as approved by the Annual General Meeting of May 13, 2014.

Positions entitled to a variable to fixed ratio of potentially up to a maximum of 2:1 are:

- Group Chief Executive Officer;
- Heads of Italy, Germany, Central Europe, Eastern Europe and Client Solutions, Digital & Information Officer and Group Operating Officer;
- CEO and General Managers of Group Legal Entities;
- Personnel belonging to Business Divisions (e.g. Client Solutions, Commercial Banking), excluding control or support roles.

Assumptions upon which the increase of the maximum ratio between variable and fixed remuneration, type of personnel and limit itself were based have not changed (e.g. UniCredit business model kept substantially stable since 2014, the compensation strategy is competitive at international level and basically in line with the one in 2014). On the basis of the ECB Recommendation on dividend distribution policies, UniCredit capital ratios satisfy the regulatory capital requirements which allow the Group to be classified within the first category of institutions, with the highest level of capital ratios, and therefore with the lowest limitations on dividend distributions.

In addition, UniCredit has set its variable remuneration policy to respect in a forward-looking perspective the most updated regulatory capital recommendations on variable remuneration[18].

In 2022, a preliminary estimation of Group Material Risk Takers belonging to this category which however exceed the 1:1 limit are ca. 100 staff members.

The estimated portion of the 2022 Incentive System that could be awarded to those roles in excess to the 1:1 ratio is less than 8% of the overall estimated pool (approx. € 16 million, of which € 11 million in UniCredit shares, equivalent to approximately 0.08% of UniCredit share capital. This amount of capital (i.e. € 16 million) is equivalent to ca. 0.5 bps of UniCredit Group CET1 ratio.

In light of this information, it is set that the decision to maintain a maximum level of variable remuneration of 2:1 of the fixed remuneration for the personnel belonging to the business functions (as approved by the Annual General Meeting on 2014) would not affect the Group maintenance of a sound capital base.

Therefore, the adoption of a ratio of 2:1 between variable and fixed compensation does not have any implications on the bank's capability to continue to respect all prudential rules, in particular capital requirements.

This approach allows UniCredit to maintain a strong link between pay and performance, as well as competitiveness in the market. Our main peers have also taken the same approach in order to limit the effects of an un-even playing field in a market where the cap is not present, to avoid the rigidity of the cost structure derived from a possible increase of fixed costs and to guarantee the alignment with multi-year performance, through deferring a relevant component of the variable compensation.

For the rest of the staff a maximum ratio between the components of remuneration equal to 1:1 is usually adopted, except for the staff of the Corporate Control Functions, for Human Resources and the Manager in Charge of Drafting the Company Financial Reports for which it is expected that fixed remuneration is a predominant component of total remuneration. For these Functions is also foreseen that incentive mechanisms are consistent with the assigned tasks, as well as being independent of results from areas under their control.

For the Corporate Control Functions, in particular, the maximum weight of the variable component will take into account the differences between national rules and regulations in application of Directive 2019/878/EU in the various countries in which the Group operates[19], in order to ensure equal operating conditions in the market and the ability to attract and retain individuals with professional skills and capabilities adequate to meet the needs of the Group.

Consistently with the framework described above, Group Legal Entities set in their remuneration policies the appropriate level of the maximum ratio between the variable and fixed compensation according to the national law, Group approach/Group Remuneration Policy, taking into account the business activities, the risks and the impact that different categories of staff have on the risk profile.

Where allowed by the local law, the Legal Entities manage the request to approve, with a dedicated resolution, a higher maximum level of the ratio between the variable and fixed component of remuneration of up to 200% by the shareholders' General Meeting, in coherence with the approach defined by the Holding Company in terms of positions, and manage the related notification to the competent regulator, as appropriate.

18. ECB letter - Variable remuneration policy of UniCredit S.p.A., as of January 2020.
19. In particular, for the Material Risk Takers of Corporate Control Functions in Italy, the ratio between the variable and the fixed components of remuneration cannot exceed the limit of one third, as per BankIt provision (Circular 285 of December 17, 2013, 37th update of November 24, 2021).

4.8 Share ownership guidelines

Share ownership guidelines set minimum levels for company share ownership by relevant Executive[20], aiming to align managerial interests to those of shareholders by assuring appropriate levels of personal investment in UniCredit shares over time.

The ownership of UniCredit shares by Group leaders is a meaningful and visible way to show investors, clients and people the commitment towards UniCredit.

The Board of Directors approved at the end of 2011 the share ownership guidelines applied to the Chief Executive Officer, to General Manager and Deputy General Manager roles, if any, and on March 2017 extended the application to Senior Executive Vice President and Executive Vice President positions (see image below).

The established levels should be reached, as a rule, within five years from the appointment to the above indicated Executives categories within the scope of the guidelines and should be maintained while the role is held.

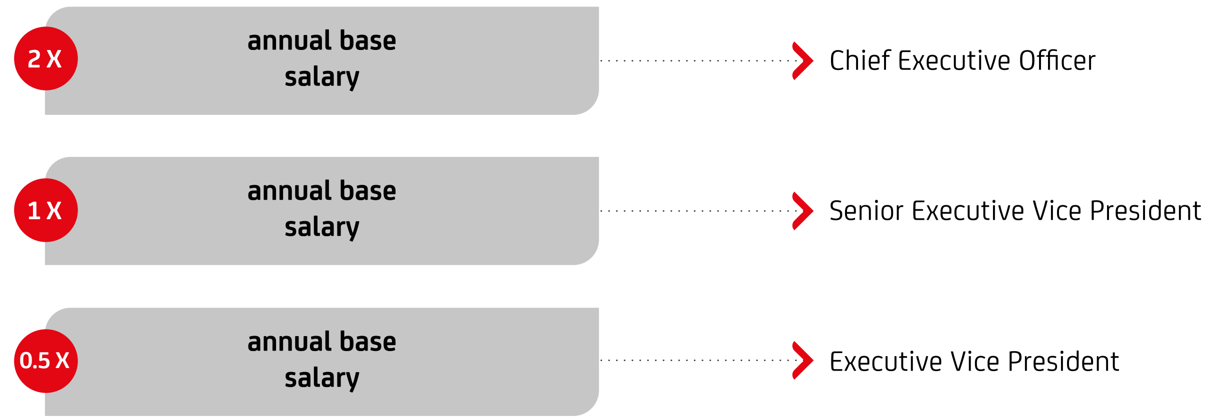
The achievement of the share ownership levels should be accomplished through a pro-rata approach over a 5-year period, granting the minimum amount of shares each year, taking into consideration potential vested plans.

Involved Executives are also expected to refrain from activating schemes or arrangements that specifically protect the unvested value of equity granted under incentive plans (so called "hedging").

Such clauses are contained in all relevant incentive plan rules and apply to all beneficiaries, since involvement in such schemes undermines the purpose of limiting the risk.

Any form of violation of share ownership guidelines as well as any form of hedging transaction shall be considered a breach of Group compliance policies with such consequences as provided for under enforceable rules, provisions and procedures.
Local adaptations based on specific regulations and/or business shall be envisaged consistently with the global approach at Group level.

Share ownership guidelines



20. Considering the application, from 2016, of the new ratio between the variable and the fixed components of remuneration (which cannot exceed the limit of one third for the Material Risk Takers within Italian Control Functions, while fixed remuneration is expected to be the predominant component for the Control Functions of other geographies), share ownership guidelines are not applied to Executives who are part of Corporate Control Functions.

5. Group Compensation Systems

The Group Incentive System 2022, while preserving a strong link between remuneration, risk and sustainable profitability, has been redesigned compared to the prior year to better fit the new Group strategic direction as well as to increase its effectiveness in a time of high uncertainty.

Through the new System, UniCredit seeks to retain and motivate each beneficiary by providing for incentives which aim to reward contributions to the long-term growth, profitability and financial success of the Group, with a focus on reputation and overall sustainability which contributes to the achievement of business goals over time.

The new System aims at providing an appropriate balance of variable compensation elements, aligning the interests of employees, shareholders and other stakeholders, strengthening the Group's position as a leading European bank and aiming at effective compensation practices in compliance with the applicable regulatory environment.

In addition, the new System aims at aligning top and senior management interests to the long-term value creation for shareholders, to share price and Group performance and to sustaining a sound and prudent approach to risk management, combining annual goals with additional long-term conditions to steer the performance management measurement towards sustainable results over time.

The System also has the characteristics to be considered a "retention" tool to retain key players for the achievement of Group strategy.

5.1 2022 Group Incentive System

The 2022 Group Incentive System, as approved by UniCredit Board of Directors on February 21, 2022, is based on a bonus pool approach, similarly to last years, which is compliant with the most recent national and international regulatory requirements and links bonuses with company results at Group and country/division level, ensuring a strong connection between profitability, risk and reward. In particular, the system provides for:

- the definition of a bonus pool at group level, with cascading at divisional level consistently with segment reporting disclosure, based on the actual divisional performance adjusted considering quality and risk indicators as well as cost of capital;
- allocation of a variable incentive defined on the basis of the determined bonus pool, individual performance evaluation, internal benchmark for specific roles/markets and maximum ratio between variable and fixed compensation as approved by the Annual General Meeting;
- a malus condition (Zero Factor or Reduced scenarios) which applies in case specific thresholds of profitability, capital and liquidity are not met at both Group and country/division level;
- risk adjusted metrics in order to guarantee long-term sustainability, regarding company financial position and to ensure compliance with regulations;
- definition of a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and/or shares for Group Material Risk Takers;
- deferred payments for selected beneficiaries[21] subject to additional long-term performance conditions
- distribution of financial instruments payments which take into account the applicable regulatory requirements regarding the application of retention periods.

21. members of Group Executive Committee ("GEC") and managers directly reporting to GEC members ("GEC-1"), excluding control functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports.

The 2022 Incentive System is based on the following methodology:

POOL LEVEL – Bonus Pool definition			INDIVIDUAL LEVEL[A]	
1. Bonus Pool funding	× 2. Entry conditions	× 3. Risk & sustainability adjustment and Cascading	› 4. Individual Scorecard	› 5. Payout
• Group Bonus pool whose funding is based on actual operational profitability • Use of risk-adjusted performance metric as funding KPI (Operating EVA)	• Access to Group Bonus Pool linked to the achievement of capital, liquidity and profitability	• Bonus Pools revised up/downwards depending on the "quality of performance" • Adjustment based on yearly Risk Appetite Framework (RAF) and CRO judgement • BoD discretion: no limit to downward adjustment; upward limited to 20% • Pool cascading down the hierarchy according to risk-adjusted KPIs and standard methodology	• New system combining Short-Term and Long-Term performance • Short-term goals defined individually according to KPI Bluebook and specific guidelines (e.g. at least one KPI risk-adjusted or risk-related)	• Payout in cash / shares on 4/6 year deferral horizon above a certain threshold • Bonus payout subject to malus & claw-back • Additional "gates" to bonus entitlement (i.e. mandatory training, "Know Your Customer", MiFID)

A. Rules for Group Material Risk Takers population, principles apply to the rest of the organization as well.

5.1.1 Bonus Pool Funding

The bonus pool is set at group level and then cascaded down for each division following the external reporting structure. It is initially proposed during the budgeting phase as a percentage of the pre-defined Funding KPI (i.e. Operating EVA[22]). In such a definition, the following elements are considered: business context and perspectives, previous years amount and forecasts of profitability. The budget is submitted to the approval of UniCredit Board of Directors.

Furthermore, bonus pool size takes into consideration any recommendation issued by European or local regulators on variable remuneration.
The bonus pool cascading is structured in a pre-defined methodology based on a theoretical bonus pool breakdown, estimated on the basis of the implicit funding embedded in the divisional P&L budget and the annual divisional performance (operating EVA vs. budget) within the available Group bonus pool.

5.1.2 Entry Conditions

Specific "Entry Conditions" are set at Group level, measuring annual profitability, capital position and liquidity results. The combined evaluation of the Entry Conditions defines three possible scenarios that allow the confirmation to increase, reduce or cancel the bonus pool.

The malus condition (Zero Factor or Reduced scenarios) will apply in case the specific metrics on profitability, capital and liquidity are not achieved (box A and B included in the scheme "Entry Conditions definition"). Specifically, the Zero Factor[23] is applied to the Group Material Risk Taker population, whereas for the non-Group Material Risk Taker population, a significant reduction will be applied. In case capital and liquidity conditions are met and profitability is not (box B included in the scheme "Entry Conditions definition"), a Reduced scenario is envisaged, with 50% bonus payout applied to the Group Material Risk Taker population, whereas for the non-Group Material Risk Taker population, a sizeable reduction will be applied.

Entry conditions in terms of capital and liquidity apply as well to external networks and agents, where applicable, as foreseen by regulation.

Entry Conditions are verified also during the cascading process at local level, where applicable. Legal Entities may consider further local conditions. In particular, Banks introduce local liquidity and capital metrics as further entry conditions.

22. Operating EVA defined as Net Operating Profit - Cost of Capital. Cost of Capital is the average Allocated Capital multiplied by the Cost of Equity (Ke) plus the additional Tier 1 corrective factor.
23. The bonus pool of 2022 will be zeroed (for Group Material Risk Takers), while an ex-post correction mechanism is foreseen that determines a reduction of deferrals of previous year systems from 50% to 100% of their value, based on the entity of loss both at Group & local level and CRO assessment based on positioning vs. Risk Appetite Framework (next paragraph – Adjustments based on Sustainability and Risk).

Entry Conditions Definition

ENTRY CONDITIONS DEFINITION

1. Group

- **Operating EVA** (NOP-Cost of Capital)[A] > 0
- **Net Profit** (excl exceptionals)[B] > 0
- **Pillar 1 capital ratios**[C] ≥ 2022 RAF "limit"[D]
- **Liquidity Coverage Ratio**[C,E] ≥ 2022 RAF "limit" (107%)
- Net Stable Funding Ratio[C,F] ≥ 2022 RAF[G] "limit" (102,3%)

ENTRY CONDITIONS ASSESSMENT

A ZERO FACTOR	B REDUCED	C OPEN
• **Capital or Liquidity** conditions **not met** at Group level	• **Capital and Liquidity** conditions are **met** at Group level • and Profitability is **not met** at Group level	• **Capital, Liquidity and Profitability** conditions are **met** at Group level

A In case Capital or Liquidity "entry conditions" are not met at Group level, the malus condition is activated, triggering the application of Zero Factor[G] on both current year bonus and previous years deferrals. For the other employees, a significant reduction will be applied.

B In case only the Profitability Entry Conditions are not met at Group level, the gate is "partially open" and a reduced bonus pool scenario is activated triggering a reduction of 50% of pool generation for Group material risk takers on both current year bonus and previous years deferrals. For the other employees, a sizeable reduction will be applied.

C In case the Entry Conditions at Group level are met, the gate is "fully open" meaning the Bonus Pool may be fully confirmed or even increased, in case of positive performance on Risk & Sustainability dashboard.

A. Cost of Capital defined as the average Allocated Capital multiplied by the Cost of Equity (Ke) plus the additional TIER1 corrective factor.
B. Net profit excluding exceptionals, before AT1 and cashes, including TLCF DTA write up.
C. In case of issues with capital and/or liquidity requirements at Legal Entity (LE) level, a zero factor scenario in the cascading phase is activated, even if the Entry Conditions at Group level are fully satisfied.
D. In addition to RAF limit, the Capital thresholds shall ensure compliance with ECB recommendation (issued in Jan. 2020 and confirmed in July 2021) to "apply a variable remuneration policy, including the use of malus and clawback arrangements, consistent with a conservative, at a minimum linear, path towards fully-loaded capital requirements and outcomes of SREP". As a consequence, the thresholds for capital ratios are: CET1 ratio Transitional ≥ 10.30%; Tier 1 ratio Transitional ≥ 12.13%; Total Capital ratio Transitional ≥ 14.56%; Leverage Ratio Transitional ≥ 3.8%; TLAC ratio ≥ 21.81%.
E. Liquidity Coverage Ratio: it aims to ensure that the bank maintains an adequate level of not restricted "High Quality Liquid Assets" in a sufficient quantity to cover the overall 'Net Cash Outflows', over a period of thirty days, under gravely stressed conditions specified by Supervisors.
F. Net Stable Funding Ratio: is defined as the amount of available stable funding relative to the amount of required stable funding and measures, under a long-term perspective, the sustainability terms of maturities between asset and liabilities. In detail: the ratio between Available of Stable Funding – ASF (The amount of ASF is calculated by first assigning the carrying value of an institution's capital and liabilities; the amount assigned to each category is then multiplied by an ASF factor, and the total ASF is the sum of the weighted amounts) and Required Stable Funding – RSF (The amount of required stable funding is calculated by first assigning the carrying value of an institution's assets to the categories listed. The amount assigned to each category is then multiplied by its associated required stable funding (RSF) factor, and the total RSF is the sum of the weighted amounts added to the amount of Off Balance Sheet activity –or potential liquidity exposure- multiplied by its associated RSF factor).
G. For Executive & Material Risk Takers population. In any case, the Board of Directors can provide the CEO the possibility to allocate a separate and discretional pool for retention purposes only, subject to local relevant governance bodies' decision, eventually including a positive feedback from ECB, if required (e.g. in a scenario of CET1r < threshold, in a context of a capital contingency plan defined with ECB). For the other employees, a significant reduction will be applied.

5.1.3 Adjustments based on sustainability and risk

In order to ensure consistency with the Group Risk Appetite Framework and the economic sustainability of the Group and country/division results over time, the bonus pool may be revised up/downwards, on the basis of the overall "quality of performance".

The methodology envisages the assessment performed by Group Risk Management based on a specific dashboard at Group level. In addition, the Group CFO presents to the Remuneration Committee a specific report providing commentary on Group results.

The Risk Adjusted KPIs dashboards include indicators covering all relevant risks, such as credit, market, liquidity and compliance and the risk position assumed, the adherence to regulatory requirements and the relationship between risk and profitability. The specific metrics are measured with reference to the respective relevant thresholds (limit, trigger and target), established in line to the Group Risk Appetite Framework. By way of example, the standard structures of Risk dashboard are shown in the following picture.

Group Risk Management can either confirm or override the outcome and may exercise the right to override taking into consideration events with a qualitative nature or extraordinary events which are out of the ordinary business of the bank (e.g. significant asset disposals in addition to normal distressed asset management activities, mergers and acquisitions or business restructuring, business dismissals, capital increases, sanctions, goodwill impairment).

The Group CRO function provides an overall assessment on the dashboard and the evaluation leads to the definition of a "multiplier" in order to define the adjustment of the bonus pool, which could fall in the range of 50%-120%. Negative and neutral "multipliers" (i.e. 50%, 75% and 100%) are directly applied to bonus pool funding. Positive "multipliers" (i.e. 110% and 120%) are representing the upper bound of the bonus pool theoretical value and subject to managerial evaluation, considering the broader context of the company.

The dashboard, used to evaluate the quality of performance from a risk perspective, is monitored on a quarterly basis.

The application of a further discretional range up to +20% in the faculty of Board of Directors is foreseen with respect to the theoretical value (e.g. based on performance vs. the broader Strategic Plan execution, performance within the broader market context, macro scenario, compensation trends in the market, reputational impacts, regulatory recommendations), while there is no limit to a downward adjustment of the bonus pool[24].

CRO Dashboard ILLUSTRATIVE

Indicators covering all relevant risks set in alignment with Group Risk Appetite Framework

Dimension	Metric	Assessment Q1.	Q2.	Q3.	Q4.
Capital	CET1 ratio (%)				
	Leverage Ratio (%)				
Liquidity	LCR (%)				
	NSFR (%)				
	Funding GAP (€/bn)				
Risk & Return	RAOC (%)				
Credit	EL Stock (%)				
	EL New Bus. (%)				
	NPE ratio (%)				
	Cost of Risk (bps)				
Pillar II	Risk Taking Cap. (%)				
Market Risk	Max RWA Mkt. Risk (%)				
	Overall Exp. Govies(€/bn)				
IRRBB	EV Sensitivity (%)				
Compliance Risk	# of customers with overdue KYC/total # customers				

Better than target
Worse than target but better than Trigger
Worse than Trigger but better than limit
Worse than limit

APPRAISAL

– = +

OVERALL APPRAISAL AND ADJUSTMENT DIRECTION

The evaluation of Risk sustainability brings to the application of a multiplier for the adjustment of the theoretical bonus pool

– –	–	=	+	++
50%	75%	100%	110%	120%

\+ Up to 20% of BoD discretion (*no limits to downward discretion*)

24. Divisions and Legal Entities define mechanisms for bonus pool risk adjustment and Board discretion adjustment, to be applied in the breakdown phase, consistently with the framework defined at Group level and properly documented.

In particular, based on the achievement of Entry Conditions, in the event the CRO assessment reports the maximum positive result and the Board of Directors exercises the maximum discretion, the following scenarios may occur:

- in the event that only the profitability Entry Condition is not met at Group level, the gate is "partially open" and a reduced bonus pool scenario is activated triggering a reduction of 50% of the pool generation for Group material risk takers. For the other employees, a sizeable reduction will be applied;
- if all Entry Conditions are met, the gate is "fully open", meaning the bonus pool may be fully confirmed or even increased (up to max 144[25]).

In any case, as requested by Bank of Italy regulations, the final evaluation of Group sustainable performance parameters and the alignment between risk and remuneration will be assessed by the Remuneration Committee and defined under the governance and accountability of the Board of Directors.

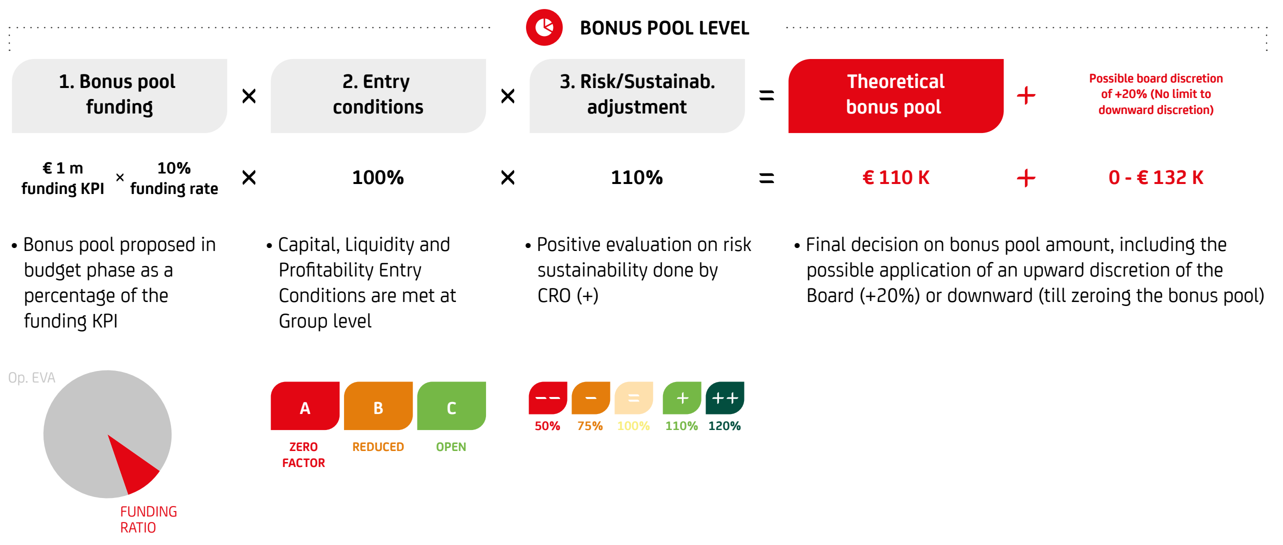
The Board of Directors has the right to disregard, when deciding the bonus, extraordinary balance sheet items which do not impact operational performance, regulatory capital and liquidity, therefore considering the Underlying Net Profit (the same metric used for capital distribution).

Once approved by the Board of Directors, the overall distributable bonus pool is cascaded down to the Segment/Divisions and to sub-levels in a consistent way ensuring fairness, transparency and pay for performance across Departments/Functions, while remaining within the maximum affordable bonus pool. The theoretical bonus pool breakdown is estimated on the basis of the divisional P&L budget, the annual divisional performance (funding KPI vs. budget) within the available group bonus pool. Adjustments may be applied at pool after cascading, considering Segment/Division entry conditions on capital, liquidity and profitability, risk adjustment consistently with the methodology applied for the Group, quality of divisional performance (e.g. specific industrial KPI or relative performance vs market).
Such adjustments are subject to specific rules (e.g. limited to avoid subsidization; safeguarding control function pool).

Following potential changes in current regulations and/or in relation to potential extraordinary and/or unpredictable contingencies which can impact the Group, the company or the market in which it operates, the Board of Directors, having heard the opinion of the Remuneration Committee, maintains the right to amend the system and relevant rules, consistently with the overall setup approved by the Annual General Meeting and to that extent as it is functional to keeping the essential contents of the system substantially unchanged, preserving its main incentive purposes.

Moreover, in order to guarantee adequacy, fairness and internal consistency of the incentive system, in its particular provisions and among these as a whole, the mechanisms and instruments illustrated above must be interpreted as a single and inseparable whole, since the specific provisions envisaged herein may therefore be applied by analogy to further, similar and unregulated situations (or differently regulated), whenever the diversity of regulations would result in an objective inconsistency and unfairness of treatment.

Example of bonus pool definition



25. Maximum scenario achievable in case of positive CRO assessment and using all the Board of Directors' discretion to approve a bonus pool max +20% of the Theoretical one (100%*120% CRO dashboard + 20% BoD discretion).

5.1.4 Individual Allocation

For each Group Material Risk Taker a specific target variable opportunity (i.e. "Reference Value") is defined which considers the internal and/or external benchmarking analysis on similar roles, the seniority, the maximum ratio between variable and fixed compensation as approved by the Annual General Meeting. Such value is adjusted according to the actual available bonus pool and represents the starting point for the individual bonus allocation.

Individual bonus will be allocated managerially, considering the individual performance appraisal and the above-mentioned Reference Value.

At individual level it will be also considered the respect of provisions of law, Group's compliance rules, Company policies or Corporate values, Code of Conduct and the application of claw-back clauses, as legally enforceable.

Moreover, each participant has to complete the mandatory training courses and, for impacted roles, the customer due diligence periodic review (Know Your Customer) and the MiFID Customer Profiling, within a pre-defined threshold in order to be entitled to the bonus.

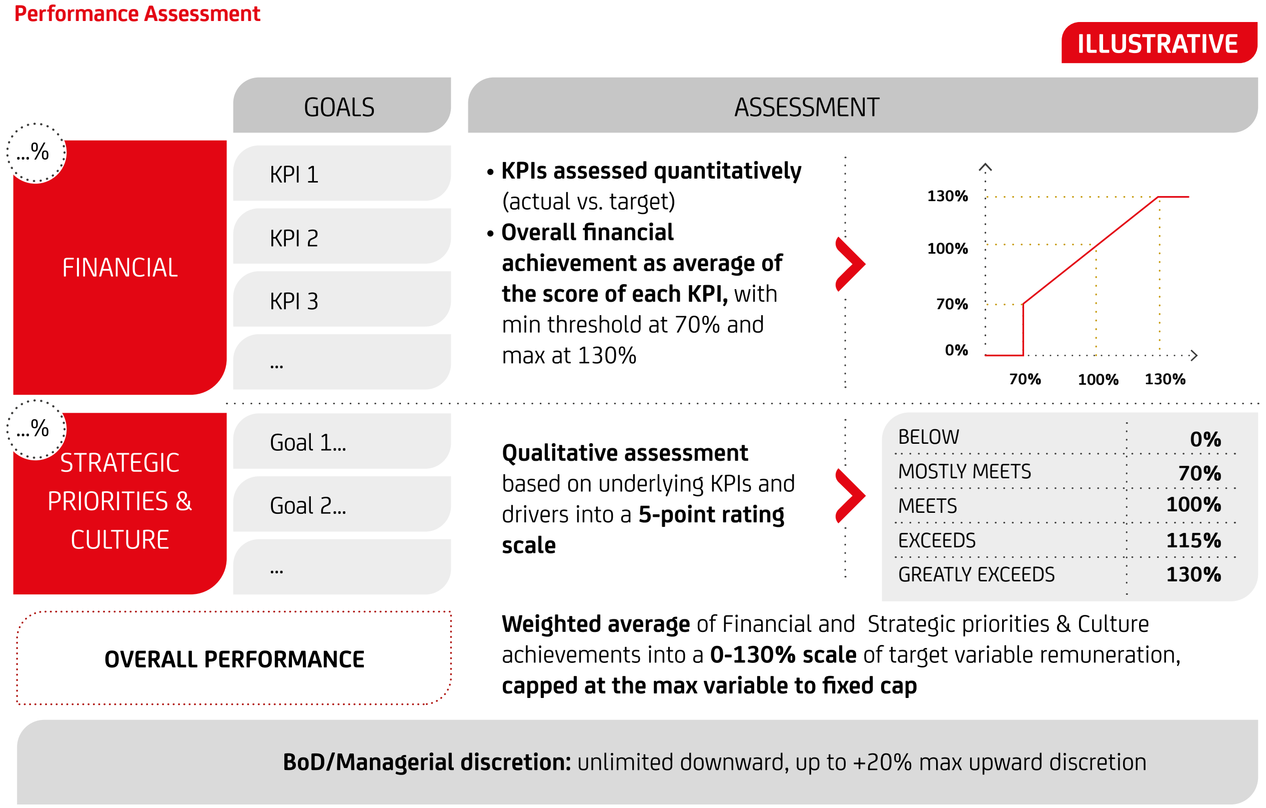
Each Group Material Risk Taker receives the Group Incentive System Rules with a detailed description of the system and its application.

Individual performance appraisal is based on 2022 goals defined during the goal setting phase.

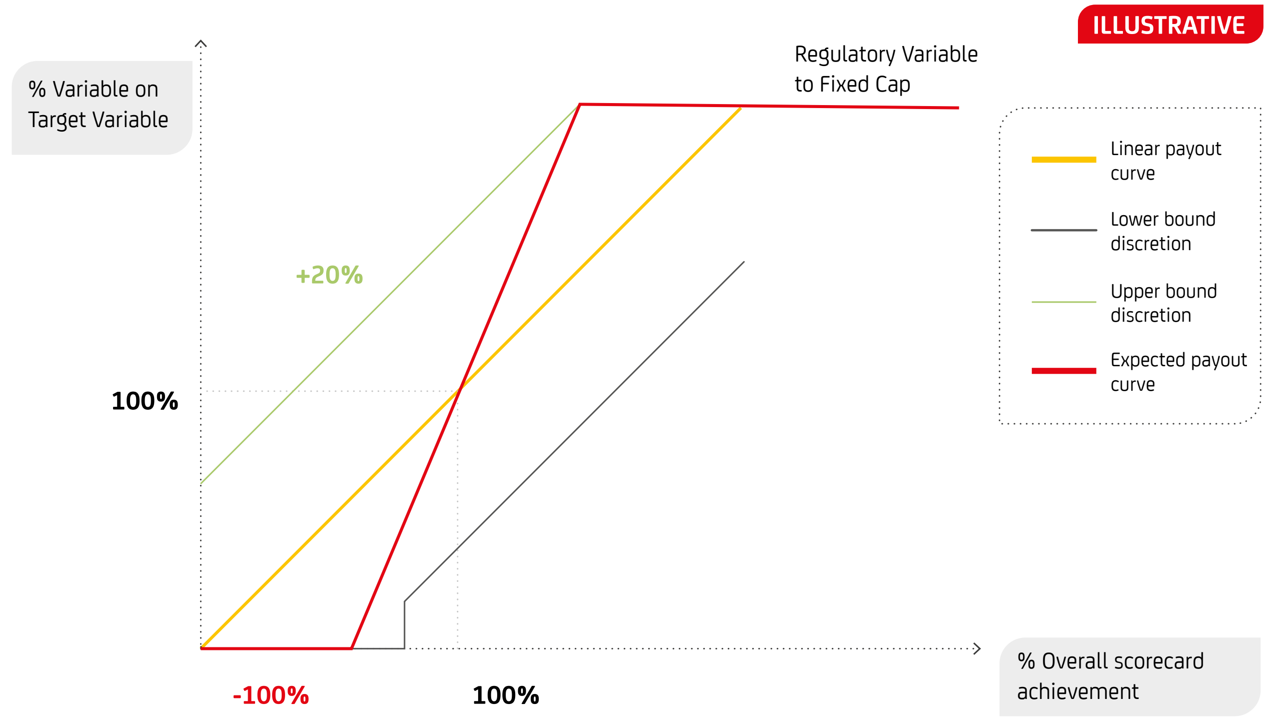
The performance appraisal is based on an overall outcome that reflects the deterministic evaluation of the financial KPIs and the qualitative assessment of non-financial goals including the behaviours adopted to achieve them.

Particular attention is dedicated to the level of correlation between proposed bonus and actual performance both at the bonus proposal step and consolidation phase.

Performance Assessment



Pay for Performance guidelines



› Additional long-term performance conditions

For selected individual[26], namely the CEO, members of the Group Executive Committee and managers directly reporting to GEC members (hereinafter also "GEC-1"), 60% of the bonus is deferred and subject to additional long-term performance conditions, which act as a modifier of the individual bonus defined on the basis of the individual 2022 performance appraisal scorecard, with the effect of:

- cancelling it, if they are below a certain minimum threshold;
- reducing it up to -30%, if they are above the threshold but below the target;
- confirming it, if they are in line with target;
- increasing it up to +30%, if they are above the target, allowing for overperformance[27].

The long-term performance conditions are based on specific goals defined at Group level covering the three years following the 2022 annual performance. Two clear and measurable KPIs have been defined in order to assess the sustainability of performance results in the long-term:

- RoTE with CET1 underpin (70% weight): absolute metric reflecting the core profitability of the Bank leveraging on the return key measure of *UniCredit Unlocked* Plan, while taking into consideration the efficiency in capital allocation. It matches the target included in short-term scorecards, where applicable, thus reinforcing the principle of sustainable performance over time. The CET1 underpin is referred to the target capital ratio of the UniCredit Unlocked strategy plan[28], and would operate as a "floor" of capital to be used for the calculation of the KPI in case the actual CET1 level drops below the abovementioned target;
- Relative Total Shareholder Return – rTSR (30% weight): overall performance metric highly aligned to shareholders, measured as relative to the peer group[29] as to balance potential industry shocks.

Furthermore, if the threshold for profitability, capital and/or liquidity is not reached, Malus conditions may apply pro-rata for each year of the long-term performance period.

26. Excluding Control Functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports.
27. In any case in compliance with the maximum regulatory ratio of variable to fixed remuneration.
28. 12.5-13% managerial target 2024.
29. Banco Santander, Barclays, BBVA, Commerzbank, Credit Agricole, Deutsche Bank, Erste Bank, ING, Intesa Sanpaolo, Nordea Bank, Société Générale and UBS.

LEVERS AND KPIs			TYPE	TIMING OF MEASUREMENT	OUTCOME
ABSOLUTE PROFITABILITY	70%	• RoTE with CET 1 underpin	Absolute	AVERAGE 23-25 VS. TARGET 22	>120% Tgt: 130%
					80-120% Tgt: 100%
					<80% Tgt : 70%
RELATIVE RETURNS	30%	• Relative TSR vs Peers[A]	Relative	PERIOD 23-25	Top quartile: 130%
					Central quartiles: 100%
					Low quartile: 70%

MALUS CONDITIONS FOR 2023-25 LT PERFORMANCE PERIOD (PROFITABILITY[B], CAPITAL AND LIQUIDITY[C])

A. Potential extraordinary events that might impact the Peer Group in asymmetric ways as well as other specific events (e.g. negative or low absolute TSR performance, etc.) may be duly taken into consideration via Board of Directors Discretion.
B. RoTE average 2023-25 below 33% vs. Target22.
C. Capital and liquidity conditions as defined for annual performance (for each year from 2023 to 2025).

5.1.5 Payout Structure

As approved by the Board of Directors on February 21, 2022, with reference to payout structure, the Group Material Risk Taker population will be differentiated into four clusters, using a combined approach of position and compensation:

- for Group CEO, GEC members and Group Chief Audit Executive (CAE) 6-year deferral schemes are applied, consisting in a payout structure of 7 years in total; a smoother deferral curve is applied in case of Control functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports;
- for GEC-1 and Group CAE direct reports 5-year deferral schemes are applied, consisting in a payout structure of 6 years in total; a smoother deferral curve is applied in case of Control Functions and People & Culture;
- for other Senior Management[30] 5-year deferral schemes are applied, consisting in a payout structure of 6 years in total; a higher deferral percentage is applied in case of variable remuneration > € 430,000[31];
- for other Material Risk Takers 4-year deferral schemes are applied, consisting in a payout structure of 5 years in total; a higher deferral percentage is applied in case of variable remuneration > € 430,000.

The payout of incentives will be done through upfront and deferred instalments, in cash or in UniCredit ordinary shares, over a multi-year period:

- in 2023 the first instalment of the total incentive will be paid in cash and free UniCredit ordinary shares subject to the evaluation of the individual adherence to compliance and conduct principles[32];
- the remaining part of the overall incentive will be paid in cash and/or free UniCredit ordinary shares:
  - 2027-2029 for Group CEO and GEC (excluding Control Functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports);
  - 2025-2029 for GEC belonging to Control Functions and People & Culture, Manager in Charge of Drafting the Company Financial Reports and Group CAE;
  - 2027-2028 for GEC-1 (excluding Control Functions and People & Culture);
  - 2025-2028 for GEC-1 belonging to Control Functions and People & Culture, Group CAE direct reports and other Senior Management;
  - 2025-2027 for other Material Risk Takers;
  - Each further tranche will be subject to the application of the Zero Factor for the year of reference and in absence of any individual/values compliance breach.

Each share tranche is subject to a 1-year retention period for both upfront and deferred shares, as foreseen by regulation.

All the instalments are subject to the application of claw-back conditions, as legally enforceable.

30. Staff members below GEC-1 which are senior management of the Legal Entities of Group MBU. This includes: Group CEO, Heads of Group Businesses/Divisions, Heads of Group Competence Lines, Group CEO reporting lines and all other Senior Management roles in Group Legal Entities (as defined by Bank of Italy) receiving a significant amount of variable remuneration.
31. € 430,000 is the lower amount between 10 times the average Bank total compensation and the 25% of total compensation of Italian High Earner as reported by EBA in its Report on high earners for 2019. For 2022, the same amount has been confirmed.
32. Considering also the severity of any internal/external findings (i.e. Audit, Bank of Italy, Consob and/or analogous local authorities).

Deferral scheme - payout view considering 1-year mandatory holding period for shares

	2023	2024	2025	2026	2027	2028	2029
Group CEO and GEC (excluding Control Functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports)	**20%** cash	**20%** shares			**20%** shares	**20%** shares	**20%** shares
GEC belonging to Control Functions and People & Culture, Manager in Charge of Drafting the Company Financial Reports and Group CAE	**20%** cash	**20%** shares	**12%** shares	**12%** shares	**12%** shares	**12%** shares	**12%** shares
GEC -1 (excluding Control Functions and People & Culture)	**20%** cash	**20%** shares			**20%** shares	**20%** cash + **20%** shares	
GEC -1 belonging to Control Functions and People & Culture, Group CAE direct reports and Other Senior Management with variable remuneration > €430k[A]	**20%** cash	**20%** shares	**10%** shares	**10%** shares	**10%** shares	**20%** cash + **10%** shares	
Other Senior Management with variable remuneration ≤ €430k[A]	**25%** cash	**25%** shares	**5%** cash	**10%** shares	**10%** shares	**10%** cash + **15%** shares	
Other Material Risk Taker with variable remuneration > €430k	**20%** cash	**20%** shares	**15%** shares	**15%** cash + **15%** shares	**15%** cash		
Other Material Risk Taker with variable remuneration ≤€430k	**30%** cash	**30%** shares	**10%** shares	**10%** cash + **10%** shares	**10%** cash		

A. Including other Material Risk Taker assimilated to Senior Management according with applicable regulations.

At local level, Group Entities may perform calibrations on the length of the deferral schemes and/or the use of financial instruments to be aligned with more restrictive local regulations.

The number of shares to be allocated in the respective instalments shall be defined in 2023, on the basis of the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the AGM approval of 2022 Group Incentive System and after the Board of Directors to which the 2022 bonuses are submitted, following performance achievements evaluation.

The Board of Directors assigns free UniCredit ordinary shares that will be freely transferable at the end of the retention period.

For Group Material Risk Takers, the annual variable remuneration has to be deferred if it:

- is above € 50,000 or
- represents more than one third of the total annual remuneration.

Below this threshold no deferral mechanisms will be applied, according to relevant regulatory indications.

The maximum value of the 2022 Group Incentive System for the Group Material Risk Takers receiving UniCredit ordinary shares is approximately € 205 million, equivalent to approximately 0.88% of UniCredit share capital, assuming that all free shares for employees are distributed.

Out of this amount, the estimated portion that could be awarded to business functions roles, exceeding the 1:1 ratio between variable and fixed remuneration, is less than 8% of the overall estimated pool (approx. € 16 million distributed to approx. 100 beneficiaries), equivalent to approximately less than 0.08% of UniCredit share capital, assuming that all free shares for employees are distributed.

The overall number of shares under all other current outstanding Group equity-based plans equals 2.05% of UniCredit share capital.

The beneficiaries cannot activate programmes or agreements that specifically protect the value of unavailable financial instruments assigned within the incentive plans. Any form of coverage (hedging) will be considered a violation of compliance rules and imply the consequences set out in the regulations, rules and procedures.

With the goal to respect this provision, Corporate Control Functions perform sample checks on custody and administration internal accounts for Material Risk Takers and require them to communicate the existence towards other intermediaries of custody and administration accounts and their performed transactions and financial investments, if any.

As foreseen by the incentive systems of previous years, also for the 2022 Group Incentive System, in case of termination of the employment relationship, the Employee shall keep all rights under the System provided that he/she qualifies as a Good Leaver.

Specifically, in case of Good Leaver, if this occurs during the performance period, the Employee will be entitled to a pro-rata temporis award of the deferrals, subject to the achievement of relevant performance conditions at the end of the performance period and according to the deferred payout scheme and all other terms and conditions under the Rules of the 2022 Group Incentive System. For the purpose of the Rules, a "Good Leaver" is exclusively an Employee who ceases to be an Employee of any Company during the performance period of the System due to the following reasons:

- termination of the employment relationship due to any physical impediment including ill-health, injury or permanent disability, as established by applicable laws;
- retirement, also in case of agreement with the Company and/or enrolment into early retirement or redundancy plans;
- the company employing the Employee ceasing to be a member of the Group;
- a transfer of the undertaking, or the part of the undertaking, in which the Employee works to a person or legal entity which is not a member of the Group.

The status of "Good Leaver" may also be granted, taking into account the specific circumstances and the company's interest, within the scope of specific agreements entered into with the beneficiary.

FOCUS

Compliance breach, Malus and Claw-back

The Group reserves the right to activate malus and claw-back mechanisms, namely the reduction/cancellation and the return respectively of any form of variable compensation.

In case of ex-ante risk adjustment, the Malus mechanism (the reduction/cancellation of all or part of the variable remuneration) can be activated to the variable remuneration to be awarded. In addition to the adjustment on the variable remuneration, promotion and merit salary reviews might as well be subject to the compliance breach assessment. In case of ex-post risk adjustment, the Malus mechanism (the reduction/ cancellation of all or part of the variable remuneration) can be applied to the deferred components that have already been awarded and have not yet been paid out, for the year in which the breach occurred. If the outstanding variable remuneration is not sufficiently large to ensure an appropriate malus mechanism, the reduction may be applied also to other variable remuneration components (e.g. deferred component from other years than the year in which the breach occurred or the variable remuneration awarded for the year and not yet paid).

Claw-back mechanism (the return of all or part of the variable remuneration) can be activated on the overall variable remuneration already paid, awarded for the time period during which the breach occurred, unless different provisions by local regulations or more restrictive provisions are in force.

The claw-back mechanisms can be activated up to a period of 5 years after the payment of each instalment, also after the employee's contract termination and/or the end of the appointment and take into account legal, social contributions and fiscal profiles and the time limits prescribed by local regulations and applicable practices.

Malus and claw-back mechanisms may apply in the case of verification of behaviours adopted in the reference period (performance period), for which the employee:

- contributed with fraudulent behaviour or gross negligence to the Group incurring significant financial losses, or by his/her conduct had a negative impact on the risk profile or on other regulatory requirements at Group or country/division level;
- engaged in misconduct and/or failed to take expected actions which contributed to significant reputational harm to the Group or to the country/division, or which were subject to disciplinary measures by the Authority;
- is the subject of disciplinary measures and initiatives envisaged in respect of fraudulent behaviour or characterized by gross negligence during the reference period;
- infringed the requirements set out by articles 26 TUB and 53 TUB, where applicable, or the obligations regarding the remuneration and incentive system.

Malus mechanisms are also applied to take into account the performance net of the risks actually assumed or achieved, the performance related to the balance sheet and liquidity situation.

According to the EBA guidelines[33] and to further strengthen the governance framework, the key rules of compliance breaches management, as well as, their related impact on remuneration components, through the application of both malus and claw-back clauses, are given below.

Specific guidelines about the application of the Malus and Claw-back procedure to be adopted throughout the Group were formalized and provided by the Holding Company to the Legal Entities that apply local adaptations consistent with the overall Group approach and with regulations in the various countries in which the Group operates.

The process is specifically applicable to the Material Risk Takers population, as per regulatory provisions, while general principles are applicable to all individuals within the Group who are beneficiaries of variable remuneration, including external networks and agents, where applicable.

The main elements of the Malus and Claw-back procedure are the following:

- breaches identification, based on the roles and responsibilities of the functions involved according to their ordinary activities. The Identification is based both on internal and external sources (e.g. special investigation, disciplinary sanctions, regulatory sanctions);
- breaches evaluation, based on the assessment of the breach materiality following a scoring system, from lowest to highest value. The drivers of materiality assessment are:
  - gravity of the individual conduct, including the circumstances of a law violation;
  - nature (fraud or gross negligence) of the trigger event;
  - repetitiveness of the breach;
  - impact on financials;
  - seniority of the individual;
  - organizational role;
  - impact on the Group external reputation;
  - other circumstances aggravating or mitigating the reported breach;
- In coherence with the score assigned and the reference period of the breach, the impact on the variable remuneration is defined according to two elements:
  - perimeter of the variable remuneration (upfront or deferred) that can be reduced/cancelled based on predefined scenarios, according to the breach materiality. In case of heavy breaches, fulfilling certain pre-conditions, the claw-back (return) of already paid variable remuneration may be activated;
  - percentage of the variable remuneration that can be reduced/cancelled and/or returned back;
- Relevant breaches by Group Material Risk Taker population will be submitted for evaluation and proposal to the Group People & Culture Officer, Head of Group Compliance and Head of Group People Journey. The Chief Audit Executive is also attending the meeting as permanent guest, without voting rights;
- decision making process and relevant measure adoption are defined according to the internal HR Delegation of Powers.

For Executive Directors and Executives with Strategic Responsibilities specific contractual provisions are envisaged, that allow the Company to ask the return, partially or totally, of the variable remuneration components already paid (or retain deferred amounts), defined according to data proved to be manifestly incorrect at a later time and other circumstances which may have been identified by the company.

33. Guidelines on sound remuneration policies", published on July 2, 2021.

5.2 Performance Management framework

5.2.1 The Framework

The Group Incentive System, described in paragraph 5.1, is supported by the annual performance management process assuring coherence, consistency, and clarity of performance objectives and behavioural expectation aligned with business strategy. The setting of the annual objectives (known as Goal Setting) is the initial phase of this process and is supported by a structured framework that includes a catalogue of performance indicators (the "*KPI Bluebook*") annually certified by relevant group key functions (i.e. People & Culture, Finance, Risk Management, Compliance, Group ESG Strategy & Impact Banking) and guidelines in line with regulatory provisions and Group standards related to:

- the selection of goals based on year-to-year priorities defined by business/perimeter and the assignment of individual goals customized on the single position;
- the indication of measurable goals, both qualitative and quantitative. In case of customized goals, clear and pre-defined parameter for future evaluation performance shall be set and made transparent;
- the use of risk-adjusted/related goals (e.g. at least one KPI in the goals card);
- the link with ESG and Diversity, Equity & Inclusion ("DE&I") strategies (e.g. at least one ESG KPI for all GMRT with a particular focus on DE&I KPIs for staff reporting to GEC and their direct reporting line);
- the use of sustainability goals for value creation over time (e.g. about half of the goals shall be related to sustainability);
- the adequate mix of financial and non-financial goals, taking into account the single role's specificities;
- the use of goals related to business, corporate values, conduct and compliance/risk culture, with a focus on:
  - being a role model for Group culture, values and purpose;
  - setting the proper tone from the Top on Compliance culture and Risk mindfulness;
- the selection of goals for the Control Functions, in order to ensure their independence (e.g. avoid KPIs linked to profitability results, use KPIs independent of results of monitored areas to avoid conflict of interests);
- the selection of goals, defined in a perspective of avoidance of conflicts of interest with customers, particularly for Commercial/ Network roles.

The KPI Bluebook includes KPIs among which:

Main clusters	Examples of KPIs for each cluster
Value creation	• ROAC (Return On Allocated Capital) • ROTE (Return on Tangible Equity) • Net Revenues • ...
Risk and capital governance	• Net CET1 generation • Organic Capital Generation • New Business EL % • Performing Stock EL % • ...
Clients	• Gross New Clients • Internal Service Quality (ISQ) • Reputation Index • Net Promoter Score (NPS) • ...
Industrial levers	• Operating costs • Cross-selling excellence (CSE) • Cost / Income • Net Income • ...
People & Culture	• Diversity, Equity & Inclusion ambitions • HR Processes Execution • Sustain value through excellence in execution • ...
Compliance culture	• "Winning, The Right Way, Together" • Regulatory requirements and policy implementation • KYC Quality • ...
ESG	• ESG Strategy • Social Lending • Net Zero Project

Financial and non-financial goals included into the KPI Bluebook are mapped into clusters of business / perimeter, as illustrated in the picture above, to help identifying the most relevant standardized KPIs: they are also categorised based on being risk-adjusted/related and on sustainability drivers.

Sustainability KPIs and ESG related KPIs are the goals that meet current needs without compromising the ability of the Company to generate profit in the future and which have an impact on the creation of medium/long-term value for one or more stakeholders.

In general, the *KPI Bluebook*, in addition to being the reference catalogue for the assignment of objectives within the Group Incentive System, can also be applied to the assignment of annual objectives for all Group personnel.

5.2.2 2022 Goal Setting Framework

The annual objectives are defined starting from the business strategy and in compliance with the *KPI Bluebook* framework described above. The process starts with the definition of the objectives for Top Management, which serves as a starting point for the cascading of objectives to lower levels, where applicable.

The Chief Executive Officer objectives for 2022 are shown below:

2022 ST GOALS			TYPE	TARGET 2022
FINANCIALS	70%	• **Net Revenues** (Revenues – LLPs)	Quantitative Assessment as % of achievement vs. Target	~16.3 bn
		• **Costs** (Cost/Income and Opex)		~55% - ~9.8 bn
		• **Organic Capital Generation**		~150 bps avg 21-24[A]
		• **ROTE** with CET1 underpin		>7%
STRATEGIC PRIORITIES & CULTURE	30%	• Sustainability	Qualitative assessment supported by KPIs into a 5-point rating scale	• 140 bn by 2024 on "Environmental" volumes • 10 bn by 2024 on "Social" volumes (social lending) • gender parity ambition across organization • 100m by 2024 to ensure equal pay for equal work
		• Winning, the right way, together		Foster corporate values and expected conduct and behaviors aligned with corporate culture

A. Yearly target consistent with the average delivery of ~150bps organic capital generation per annum in the period 21-24. Further details will be provided in the ex-post scorecard disclosure.

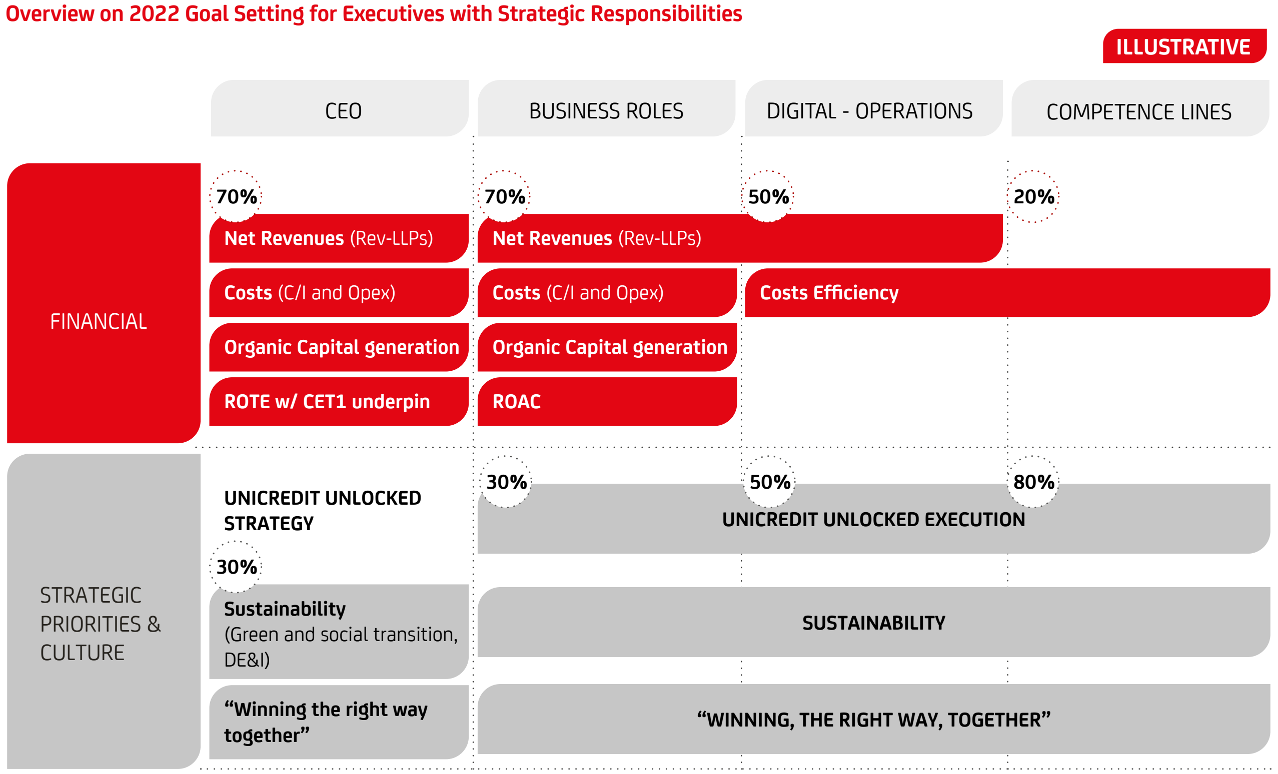
A balanced set of KPIs have been selected for the CEO scorecard, with a higher weight on financial goals (70%) supported by Strategic Priorities & Culture (30%).

The choice of the specific KPIs have been made in alignment with the strategic plan and supported with specific rationales:

- **Net Revenues:** optimization of the risk-return curve sustaining business growth driven by fees, capital light and revenue that delivers profitability above the cost of equity, while maintaining risk discipline and a stable cost of risk;
- **Costs (Cost/Income & Opex):** delivery of lower absolute cost base while improving operational efficiency through process simplification, digitalization, and operating model transformation;
- **Organic Capital :** strengthening of the Bank's capital position through a healthy organic capital generation leveraging on net profit growth and RWA optimization as well as active portfolio management;
- **RoTE (with CET1 underpin):** key return measure of the new Strategic Plan, reflecting the core profitability of the Bank, while taking into consideration the capital allocation efficiency;
- **Sustainability:** through the support of our clients' green and social transition and promotion of people diversity, equity & inclusion, this is a commitment to a key lever for the Bank's future business strategies and critical component of success;
- **Winning, the right way, together:** fostering of corporate values and expected conduct and behaviours aligned with corporate culture, with a balanced approach across sustainable growth and risk management for all stakeholders.

Below is the illustrative structure of the objectives for the rest of the top management.

Overview on 2022 Goal Setting for Executives with Strategic Responsibilities



Financial section is differently weighted depending on the role and, in compliance with regulations, for the Corporate Control Functions includes objectives non related to profitability. Financial goals are evaluated in a deterministic way based on a quantitative assessment (actual vs target)

Within the non-financial section (Strategic Priorities & Culture) a specific Goal "Winning, The Right Way, Together" is mandatory and it is related to Corporate values, conduct and compliance/risk culture, with a focus on Group culture, values and purpose and Tone from the Top on Compliance culture and Risk mindfulness.

Additionally, to support UniCredit's commitment to ESG targets and DE&I ambitions specific "Sustainability" goals have been assigned to Executives with strategic responsibilities, which can also be assigned to lower levels in order to Support clients' green and social transition, embedding sustainability in UniCredit culture, valorising people diversity and promoting equity & inclusion.

Finally, for Executives with strategic responsibilities an annual objective for the implementation of "UniCredit Unlocked Strategy" is defined, customized on the specific role and with reference to specific strategic initiatives and projects linked for example to investments on digitalization, process simplification and fostering customer mindset as enablers of the business and operating model transformation. These targets are calibrated and cascaded within the managerial chains.

Goals into non-financial section are assessed on a qualitative 5-point rating scale.

Below are illustrated the objectives assigned to Executives with strategic responsibilities grouped by role:

2022 Goal Setting for Executives with Strategic Responsibilities - Business roles

ILLUSTRATIVE

FINANCIAL KPIs (weight 70%)			
NET REVENUES (Rev-LLPs)	Risk adjusted / related	Own perimeter/Group	✓
COSTS (C/I & OPEX)		Own perimeter/Group	✓
ORGANIC CAPITAL GENERATION[A]	Risk adjusted / related	Own perimeter/Group	✓
ROAC[B]	Risk adjusted / related; ESG / Sustainable	Own perimeter/Group	✓
STRATEGIC PRIORITIES & CULTURE (weight 30%)			
UNICREDIT UNLOCKED EXECUTION		Own perimeter	✓
SUSTAINABILITY	ESG / Sustainable	Own perimeter/Group	✓
"WINNING, THE RIGHT WAY, TOGETHER"	Risk adjusted / related; ESG / Sustainable	Group	✓
		Number of goals	7

Risk adjusted / related   ESG / Sustainable

A. At divisional level, Net CET1 generation is considered.
B. At Group level, RoTE w/CET1 underpin is considered.

2022 Goal Setting for Executives with Strategic Responsibilities – Digital & Operations

ILLUSTRATIVE

FINANCIAL KPIs (weight 50%)			
COSTS (Direct)	Risk adjusted / related	Own perimeter	✓
NET REVENUES		Group	✓
STRATEGIC PRIORITIES & CULTURE (weight 50%)			
UNICREDIT UNLOCKED EXECUTION		Own perimeter	✓
SUSTAINABILITY	ESG / Sustainable	Own perimeter/Group	✓
"WINNING, THE RIGHT WAY, TOGETHER"	Risk adjusted / related; ESG / Sustainable	Group	✓
		Number of goals	5

Risk adjusted / related   ESG / Sustainable

2022 Goal Setting for Executives with Strategic Responsibilities – Competence Lines

ILLUSTRATIVE

FINANCIAL KPIs (weight 20%)			
DIRECT COSTS[A]	Risk adjusted / related	Own perimeter	✓
STRATEGIC PRIORITIES & CULTURE (weight 80%)			
UNICREDIT UNLOCKED EXECUTION		Own perimeter	✓
SUSTAINABILITY	ESG / Sustainable	Own perimeter/Group	✓
"WINNING, THE RIGHT WAY, TOGETHER"	Risk adjusted / related; ESG / Sustainable	Group	✓
		Number of goals	4

Risk adjusted / related   ESG / Sustainable

A. HR Costs for People & Culture.

5.3 2020-2023 Group Long-Term Incentive Plan management

The LTIP 20-23 was approved by Shareholders' Meeting on April 9, 2020, and provides for the grant of an incentive in free ordinary shares, to selected Group employees, over a multi-year period linked to the Team 23 Strategic Plan and subject to the achievement of specific performance conditions.

Considering the review of UniCredit Strategic Plan and the connected review of the variable remuneration framework, with the introduction of the new 2022 Group Incentive System, the possibility to offer the beneficiaries of the LTIP 20-23 a switch to the new 2022 Group Incentive System for the LTIP 20-23 2022 and 2023 quotas is envisaged to avoid overlap between incentive plans.

Such management of the LTIP 20-23 implies the following effects:

- cancelling the 2022 and 2023 quotas for the beneficiaries accepting the switch, and the related incentive opportunity, thus freeing up space for the allocation of additional variable remuneration under the new 2022 Group Incentive System;
- confirming the 2020 and 2021 quotas, with the same structure, KPIs, targets and features of the LTIP 20-23 as approved by Shareholders' Meeting on April 9th 2020, in order to allow for the possibility to potentially award a portion of it at the end of 2023, subject to Group performance.

The above switching opportunity is strictly linked to the launch of the new 2022 Group Incentive System, to ensure the full alignment between incentive systems and corporate strategy, and is subject to the consent of the LTIP 20-23 beneficiaries.

For further information regarding the LTIP 20-23 please refer to Section I, Paragraph 5.3 "2020-2023 Group Long-Term Incentive Plan" of the 2021 Group Remuneration Policy and Report.

Section II

Remuneration Report

1. Introduction

The Remuneration Report discloses all relevant Group compensation-related information and methodologies with the aim of increasing stakeholders' awareness of the compensation, practices and outcomes in UniCredit, demonstrating their coherence with the business strategy and performance and the sustainability over time, responsible remuneration and sound risk management.

The report provides ex post information on 2021 outcomes, covering both the Group Material Risk Taker population and corporate bodies' members. Remuneration solutions implemented in 2021 provided for:

- compliance of incentive structures with all relevant regulations, including deferred and equity incentives based on financial instruments;
- comprehensive performance measurement to foster sound behaviours aligned with different types of risk.

The disclosure provided within the Remuneration Report considers the:

- alignment to the national and international regulatory provisions in force;
- continuous monitoring of market trends and practices, supported by PricewaterhouseCoopers, as external advisor of the Remuneration Committee as well as other national and European Banking Associations;
- annual engagement process with international investors and proxy advisors.

The activities performed in 2021 from a compensation standpoint are in line with the 2021 Group Remuneration Policy, which was built based on relevant national and international regulatory framework, as made available along the years, among which:

- on January 1, 2014 the Capital Requirements Directive (CRD IV) was implemented, providing a cap on variable remuneration for Material Risk Takers and requesting local regulators to issue regulations for local implementation;
- on March 4, 2014 the European Commission issued the Delegated Regulation (EU) 604/2014 with regard to regulatory technical standards (RTS) to identify Material Risk Taker population;
- on March 19, 2019 Bank of Italy issued the provisions on "Transparency of banking and financial transactions and services - Fairness of relations between intermediaries and clients", applicable from 2020;
- on December 10, 2020 Consob Issuers Regulation Nr. 11971 was updated under resolution no. 21623 to transpose the Directive (EU) 2017/828 (Shareholders Rights Directive II) requirements of May 17, 2017 already implemented in the legal system with the Legislative Decree no. 49 of May 10, 2019.
- on July 2, 2021 EBA published an updated version of the document "Guidelines on sound remuneration policies"[1];
- on November 24, 2021 Bank of Italy published the 37th update to Circular 285 on remuneration and incentive matters;

In 2021, in continuity with the past, UniCredit interacted with the Remuneration Committee external advisor which provided:

- recommendations on remuneration based on specific benchmarking analysis versus our defined peer group to inform any decision, also related to executives of the Group;
- analysis on emerging trends in market compensation practices;

with the goal to improve Group policies and practices.

In 2021 and in the first months of 2022, UniCredit continued its annual structured dialogue with the international investors and proxy advisors, as well as national and European Banking Associations, receiving valuable feedback on the compensation approach and specific inputs for an effective compensation disclosure, considering Italian and international standards.

Moreover, to be noted a positive feedback gathered during the shareholders' General Meeting held on April 15, 2021 on the Remuneration Report on 2020, with an approval percentage higher than 95%.

1. Guidelines on sound remuneration policies under Article 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013.

UniCredit also interacted with Regulators to properly consider issued recommendations.

The Remuneration Report, a document providing complete and comprehensive information on compensation, includes also this year details referring to:

- the activity of the Remuneration Committee and the corporate functions involvement in the compensation processes;
- remuneration processes and outcomes, including the implementation and outcome of the 2021 Group Incentive System, with specific details on the CEO compensation for 2021;
- a status update on the Group Long-Term Incentive Plans;
- the summary outcome and statistics of the Group Material Risk Takers identification process;
- remuneration data for the members of Administrative and Auditing bodies, General Managers and Executives with Strategic Responsibilities as well as broader remuneration data as required according to Pillar 3 disclosures.

In particular, data pursuant sect. 84-quater Consob Issuers Regulation Nr. 11971, Compensation Report-Section II (last modified under resolution no. 21623 of December 10, 2020), as well as the information on incentive systems under 114-bis[2] are included in the attachments to the 2022 Group Remuneration Policy and Report, published on UniCredit website, in the section dedicated to the Shareholders' Meeting.

2. Legislative decree no. 58 of February 24, 1998 as well as to the provisions of the issuer "Regulations" adopted by CONSOB with resolution no. 11971 of May 14, 1999 regarding the information to be disclosed to the market in relation to the granting of awarding plans based on financial instruments.

2. Governance

2.1 Report on the Remuneration Committee

› Description of the Remuneration Committee

The Remuneration Committee performs a fundamental role in supporting the Board for the oversight of Group Remuneration Policy and for the design of incentive plans. As established in the Corporate Bodies and Committees Regulation with regards to the composition of the Board committees, the Committee consists of three non-executive members. The Committee's tasks are coordinated by the Chair chosen among its members.

The members of the Remuneration Committee, chosen based upon their expertise, were appointed on April 15, 2021, further to the appointment of the Board of Directors for the 2021 – 2023 financial years resolved by the Shareholders' Meeting held on the same date. At the date of approval of this document, the Remuneration Committee is composed of Directors Ms. Jayne-Anne Gadhia (Chairwoman), Mr. Luca Molinari and Ms. Renate Wagner.

All members of the Committee in its current composition are independent according to the Section 13 of the Italian Decree issued by the Ministry of Economics and Finance no. 169/2020 (the "Decree") and to Section 148 of the TUF, and the majority of them meets the requirements of independence provided for in the Italian Corporate Governance Code.

Further on, details on the independence of the members of the Committee are provided, in accordance with the Italian Corporate Governance Code, as well as with the Decree and the 'TUF'.

All Committee's members meet the experience requirements, in accordance with current legal and regulatory provisions and ensure that any further corporate offices they hold in other companies or entities (including foreign ones) are compatible with the commitment and availability required to serve as a member of the Committee. Some members have specific technical know-how and experience on financial matters or remuneration policies.

Along the year, the members of the senior management team, and among them - as per Bank of Italy request - the Heads of the corporate control functions in Group Risk Management (Group Chief Risk Officer-CRO) and Internal Audit functions, attended Committees meetings with regard to the topics specified in the dedicated table. Moreover, the Head of Group People & Culture always attended the meetings of the Committee as a guest.

The Remuneration Committee - in performing its duties - has made use of the information received from the competent corporate functions, thanks to the support and collaboration of the heads of the corporate structures.

During the year, the spending requirements of the Committee were met by a specific budget. In particular, in 2021, by means of this budget, the Remuneration Committee availed itself with the services of Willis Tower Watson (WTW), for the first three quarters, and of PricewaterhouseCoopers (PwC) from the third quarter onwards, managing the transition of the role as an external independent advisor, which provides advice on compensation practices and trends, as well as up-to-date remuneration benchmarking studies. The absence of situations/relationships that could compromise the autonomy (independence) of the consultant has been assessed in advance.

WTW has collaborated with the Committee since the end of 2018 and has been its independent advisor until the appointment of PwC. During their mandate, the external advisors' representatives were invited to attend the meetings of the Committee, providing their independent opinion to the Remuneration Committee on the various topics in agenda.

The Chair of the Remuneration Committee at the first available meeting informed, with the help of appropriate documentation, the Board of Directors about the activities carried out in the meetings by the Committee itself.

The Remuneration Committee shared, at the end of their meetings, the discussed documentation with the Board of Statutory Auditors. Furthermore, in 2021, individual members of the Board of Statutory Auditors attended (on a six-monthly rotating basis) the meetings.

The following table summarizes the composition of the Committee in 2021 and, in addition to the information on the independence of the members, provides details regarding their attendance to the meetings that have been called during the year.

Further details are reported in the Report on corporate governance and the ownership structure published on the UniCredit website.

› Activities of the Committee 2021

In 2021 the Remuneration Committee met 16 times. The meetings had an average duration of about one hour and a half. From January 2022 to March 8, 2022, six meetings of the Committee have been held and it is expected that the Committee will meet 11 times in total in 2022. Each meeting of the Remuneration Committee is placed on record by the Secretary designated by the Committee itself.

Key activities of the Remuneration Committee in 2021

BoD Submitted to the BoD | AGM Submitted to the AGM | AUDIT CRO Participation of other group functions

	Topics	January (2 meetings)	February	March	April	May (2 meetings)	June	July	September	October	November (2 meetings)	December (4 meetings)
Strategy, Policy and Governance	**Group Short Term Incentive System**	• 2021 Group Incentive System BoD AGM						• Compensation framework: 2021 Risk Adjustment indicators		• Variable Compensation Framework evolution - first discussion	• Variable Compensation Framework evolution - second and third discussions	• Variable Compensation Framework evolution - fourth discussion
	Long Term Incentive Plan		• 2020-2023 LTI Plan - Status update							• LTI 20-23 review in light of new Variable Compensation Framework evolution - first discussion		
	Group Policies - new / update			• 2021 Group Remuneration Policy and Report • Group Termination Payments Policy AUDIT BoD AGM			• Update Benefit Framework BoD		• Review of the Remuneration Committee Terms of Reference, including definition of Executives with Strategic Responsibilities BoD			
	Local adaptations											
Annual Compensation review and decisions	**Annual compensation decisions**		• 2020 Bonus pool distribution and execution of previous years' plans CRO • Capital increase approval for previous years' incentive plans • 2020 Group Incentive System - evaluation, payout and execution of previous year plans for CEO, GM, Dirigente Preposto and Heads of Control Functions BoD	• 2020 Group Incentive System - information on Identified Staff payout BoD • BoD and Committees Remuneration BoD AGM		• Distriution of BoD remuneration BoD						• 2021 Group Incentive System: Bonus pool distribution - First discussion
	Identification of group identified staff (MRTs)						• 2021 Group Material Risk Takers 1st cycle CRO BoD					
	Compensation for Executives	• New CEO Compensation Package					• Exit Packages Senior Executives BoD			• 2020 Bonus Payout and 2021 Compensation Reviews		• 2021 Compensation review for Executives with Strategic Responsibilities BoD
	Goal setting									• 2021 Goal Setting for Executives with Strategic Responsibilities BoD	• 2022 Goal Setting Framework (first discussion)	
	Severance payments		• Annual Disclosure on 2020 Severance Payments									
Benchmarks provided by the external independent advisor	**Market trends**									• Market practice in relation to incentive scheme structures (independent advisor)	• Emerging trends in Market Compensation Practices and Regulatory Update and Peer Group review (independent advisor) • Market practice in relation to incentive scheme structures - update (independent advisor)	
	Compensation for the Top Management								• Sounding on Compensation review for the Executives with Strategic Responsibilities			
Other	**Other**					• Appointment of Manager in Charge of Drafting the Company Financial Reports BoD • Appointment of RemCo Secretary		• Evaluation of RemCo Advisor tender offer and provider selection	• Appointment of RemCo Secretary			• Discussion on CEO Compensation positioning • Hiring new Head of People & Culture

Remuneration Committee (period 01/01/2021 - 31/12/2021)

MEMBERS IN OFFICE[A]	Independency according to Articles of Association and Code	Non-Executive	Office covered C= Chairman M= Member	Nr. of attended meetings	% of participation
Gadhia Jayne-Anne **Chairman**	✓	✓	C	12	100%
Molinari Luca **Director**	✓	✓	M	12	100%
Wagner Renate **Director**	✓	✓	M	11	92%
MEMBERS NO LONGER IN OFFICE[B]					
Andreotti Lamberto **Chairman**	✓	✓	C	4	100%
Carletti Elena **Director**	✓	✓	M	4	100%
De Giorgi Diego **Director**	✓	✓	M	2	50%

C Chairman M Member

A. Office held since April 15, 2021
B. Office held until April 15, 2021

2.2 Role of Corporate Control Functions and other relevant functions

Group Compliance function's key contributions in 2021 included:

- evaluation of the 2021 Group Remuneration Policy and Report submitted to the Board of Directors for subsequent approval at the Annual General Meeting on April 15, 2021;
- evaluation of the 2021 Group Incentive System for Group Material Risk Takers;
- preparation - in collaboration with People & Culture function - and distribution of Group guidelines for the development and management of 2021 incentive systems for below Executive population;
- participation in specific initiatives of People & Culture function (e.g. review of KPI Bluebook; review of definition of Group Material Risk Takers for the application of Group Incentive System);
- analysis of specific non-standard compensation within the 2021 cycle.

In 2021, to ensure the link between compensation and risk, the Group Risk Management function was involved:

- in compensation design and in the definition of an explicit framework to develop remuneration within an overarching Group Risk Appetite Framework;
- in the definition/update of the Group Incentive System entry conditions;
- in the definition of KPIs, part of the *KPI Bluebook*, identified as risk-related;

so that incentives in taking risk are appropriately counterbalanced by incentives in managing risk.

Additionally, the Group Chief Risk Officer was invited to attend Remuneration Committee meetings to ensure that incentive schemes are appropriately updated to take into account all of the risks that the Bank has taken on, pursuant to methodologies in compliance with those adopted by the Bank in managing risk for regulatory and internal purposes.

Group CFO function contributed to 2021 compensation processes mainly through the definition of:

- Group Incentive System entry conditions;
- bonus pool funding KPIs;
- performance Scorecard KPIs for Group Material Risk Taker population, also providing the relevant budget and actual data.

Furthermore, the Group Chief Financial Officer attended the Remuneration Committee meetings in occasion of the presentation of the company performance, which determines the size of the bonus pool.

In particular, the Board of Directors and Remuneration Committee draw upon the input of involved functions to define the link between profitability, risk and reward within Group incentive systems

Internal Audit Report on Group Remuneration Policies and procedures

Group Audit Department performed the annual audit on the Group remuneration policies and practices, requested by Bank of Italy[3], aimed at verifying the design and implementation of the remuneration process, as well as its compliance with relevant regulatory requirements and Group internal rules.

Internal Audit's "Satisfactory" evaluation was driven by the correct application overall of the Group Incentive System, including the execution of decisions taken by UniCredit's Remuneration Committee and Board of Directors.

Internal Audit verified the overall correct implementation of 2021 Group Remuneration Policy and the application of Group Incentive System rules to Group Material Risk Takers. Internal Audit also verified, on a sample basis, the adequacy of specific aspects of the remuneration process, such as Group Material Risk Takers identification, goal setting, bonus pool calculation and distribution, procedures to comply with caps of the ratio between variable and fixed components of remuneration, performance appraisal, as well as the payment and deferral phase of the previous year's incentive system.

Severances paid in 2021 were in line with the Group Termination Payments Policy and severance guidelines, and followed relevant escalation processes and, where necessary, the Remuneration Committee was correctly informed.

Main audit results were presented to the Remuneration Committee on March 7, 2022.

3. Circular 285 December 17, 2013, 37th update of November 24, 2021.

3. Remuneration Processes and Outcomes

3.1 2021 Incentive System implementation and outcomes

The 2021 System, approved by UniCredit Board of Directors on January 13, 2021, provided for a 'bonus pool' approach that directly links bonuses with company results at Group and country/division level and ensures a strong connection between profitability, risk and reward. Such a system, implemented within the framework of the policy and governance, provides for the allocation of a performance related bonus in cash and/or free ordinary shares over up to six years.

UniCredit's annual incentive system is designed to align the interest of shareholders and management and to reward for performance.

The 2021 Budget Bonus Pools approved in January 2021, as part of the annual Group Incentive System, were based on 8 pools: CB Italy, CB Germany, HVB Subgroup, CB Austria, CIB, CEE, CEO Functions, COO. The new organizational structure announced in 2021 envisages 5 perimeters reflected in the official Group segment reporting since the third quarter of 2021: Italy, Germany, Central Europe, Eastern Europe, Group Corporate Center. As a consequence, the following former perimeters were impacted from the reorganization:

- CIB was split in Italy, Germany and Central Europe following the official Group segment reporting;
- COO was split in COO Group moving to Group Corporate Center and COO Italy moving to Italy Division;
- Austria moved to Central Europe.

› Bonus pool sizing

The bonus pools dimension for each of the five clusters was related to the actual profitability measures multiplied by the bonus pool funding rate defined in the budgeting phase. This calculation determined the so called "theoretical bonus pool" for each cluster that is adjusted accordingly to the actual trend of performance of the respective segment.

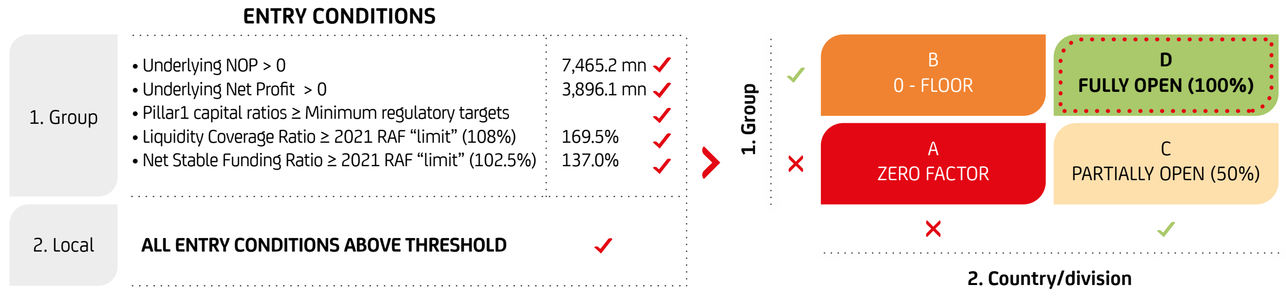
› 2021 Entry Conditions at group and local level

In order to align to regulatory requirements, specific indicators measuring annual profitability, capital and liquidity results had been set at both local and Group level as Entry Conditions. In particular, risk metrics and thresholds for the 2021 Group Incentive System as defined within the Entry Conditions - that confirm, reduce or cancel upfront and deferred payouts - included:

- **Underlying NOP** to measure profitability, Net Operating Profit adjusted excluding any extraordinary item as considered appropriate by the Board of Directors;
- **Underlying Net Profit** to measure profitability, considering the results stated in the Financial Statement excluding any extraordinary item as considered appropriate by the Board of Directors;
- **Pillar 1 capital ratios:** the Minimum Regulatory Targets are the levels of capital set following the SREP process (Supervisory Review and Evaluation Process) coordinated by the European Central Bank. These levels include, in addition to Pillar 1 and Pillar 2 requirements, the combined buffer requirement applicable and the Pillar 2 Guidance. The Pillar 2 Guidance is set above the level of binding capital requirements (MDA Trigger) and a failure to meet this threshold does not result in automatic actions by Authorities but will be used in fine-tuned measures based on the individual situation of the bank;
- **Liquidity Coverage Ratio** that ensures that bank maintains an adequate level of unencumbered "High Quality Liquid Assets" in a sufficient quantity to cover the overall 'Net Cash Outflows', over a period of thirty days, under gravely stressed conditions specified by Supervisors;
- **Net Stable Funding Ratio** that is defined as the amount of available stable funding relative to the amount of required stable funding and measures, under a long-term perspective, the sustainability terms of maturities between asset and liabilities.

According to the actual results, approved by the Board of Directors on January 27, 2022, the relevant Entry Conditions have been achieved both at Group level and local level as reported in the picture below.

Section II
Remuneration Report - 3. Remuneration Process and Outcomes



› 2021 Group Incentive System rules application

As a consequence of Entry Conditions positive assessment both at Group and local level, all the five bonus pools are in the fully open (100%) scenario.

2021 Group Incentive System rules therefore have been applied.

For each segment, the theoretical bonus pool value has been calculated applying the funding rate percentage to the actual profitability results.

The CRO "multiplier", even though was positive for all the bonus pool clusters, was activated only for the Italy Division.

In this context, the Remuneration Committee resolved to submit to the Board of Directors' approval bonus pool amounts grounded on performance results. In particular, the proposal submitted to the Board resulted in total bonus pool amount slightly lower than the total theoretical value (depending on the funding KPI which was extremely positive vs. the budget) to take into consideration the broader context.

› Bonus pool distribution by segments

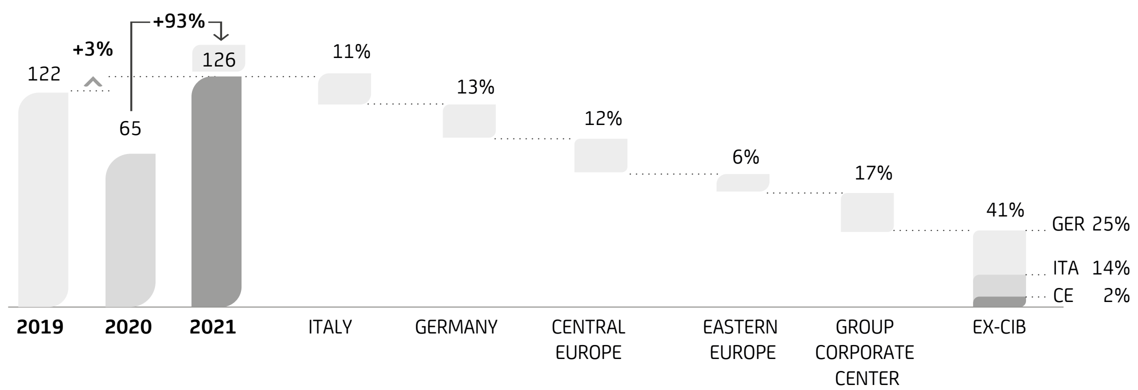
The results of the above-mentioned steps, led to the distribution of the bonus pool for the Group Material Risk Taker population (1,121 resources in 2021), as reported below, fully consistent with the company performance in terms of Underlying NOP.

For 2021, UniCredit Board of Directors took into consideration the Remuneration Committee's proposals and regulatory guidelines regarding variable remuneration.

The assessment related to remuneration decisions, as in previous years, has been supported by a strict Group governance process in order to guarantee consistency and transparency towards all parties involved in the decision-making process.

The total amount of variable compensation for Group Material Risk Takers, detailed in paragraph 4.2, is sustainable given the bank's financial position, does not limit the bank's ability to hold an adequate level of capital and liquidity and in line with EC.

2021 Bonus distribution for GMRT



CIB: Corporate & Investment Banking.
Data in mln €. The payout does not include the 20-23 LTI pro rata yearly quota.

Details »

For further details on the execution of the 2021 Group Incentive System and the deferrals of previous years' Plans, refer to Paragraph 4.2 and to the attachment to 2022 Group Remuneration Policy and Report, published on the UniCredit website, in the section dedicated to 2022 Shareholder's Meeting.

› Execution of previous years plans

Upon the assessment of achievement level for goals defined for 2021 and subsequent governance step in the Board of March 8, 2022 the allocation of ca. 5.1 million UniCredit ordinary shares was promised to ca. 680 Group Material Risk Takers to be distributed in 2023, 2024, 2025, 2026 and 2027.

The actual allocation of the last four installments is subject to the application of Zero Factor for 2023, 2024, 2025 and 2026 respectively. Therefore, the 2021 Group Incentive System impact would be equivalent to approximately 0.23% of UniCredit share capital, assuming the achievement of Group performance thresholds without the application of Zero Factor scenario.

With reference to previous years Plans, the Board of Directors resolved to proceed with the payments of the outstanding deferrals due in 2022 (deferred from 2016, 2017, 2018, 2019 and 2020 Plans and from severance payments related to 2016, 2017, 2018, 2019, 2020 and 2021 Plans).

FOCUS

Severance Payments – Calibrations and exceptions

As provided by the Group Termination Payments Policy (Severance Policy), starting from its approval by 2021 Annual General Meeting, some calibrations, submitted to the Holding by non-Italian Group Legal Entities, were approved.

Most of the calibrations aim at ensuring the compliance with regulatory requirements, laws and practices of the local markets and, additionally to formal amendments, were related to the:

- exclusion from the Severance Policy field of applicability of some categories/typologies of payments, being not discretionarily defined by laws and labor contracts;
- possibility not to apply deferral mechanisms and/or malus and claw-back clauses if not envisaged by local regulations or inconsistent with local labor laws.

With reference to Austria, in connection to the so called "protected" contracts ("Definitivum"), which cannot be unilaterally terminated by the Company before retirement, as provided by the Severance Policy paragraph 4.1.2, the maximum limit for severance payments has been raised from 24 to 36 months of total compensation.

For Germany, which is characterized by a particularly protective legislation with regard also to Executives, a calibration proposal was approved in compliance with paragraph 4.1.1 of the Severance Policy, allowing for the notice to be paid on top to the general limit of 24 months and - in exceptional cases and with particular governance - to also increase the maximum number of months to 36 or 48, depending on the circumstances. In consideration of this context, a change in the formula calculating the severance and the provision that the formula does not apply to the severance considered privileged based on local regulatory legislation was also approved.

None of the local calibrations and exceptions have an impact on the Executives with Strategic Responsibilities, except the Head of Germany who has a German employment contract.

During 2021, all severance payments were managed in line with the approved governance and all 43 Executive[4] cases were managed in total consistency with the approved Policy.

For other details on severance payments defined in 2021 for Group Material Risk Takers refer to paragraph 4.2.

4. In this context, Executives are the employees with global band title equal to Senior Vice President or higher. For further information on the Global Job Model, refer to Section I, Chapter 1.

3.2 2021 fixed and variable compensation for the Chief Executive Officer

In a competitive market environment, UniCredit was able to attract a highly successful senior banking leader for the Chief Executive Officer role, to improve the Bank's competitive position, consistently with the new strategy. In April 2021, Andrea Orcel was appointed Chief Executive Officer of UniCredit. His compensation package for 2021 included a fixed component as well as a sign-on share-based award in lieu of any bonus payment for the year.

Considering the transitional nature of 2021, where the focus was on developing a new Strategic Plan for the Group, it was not possible to assign meaningful performance goals to the CEO for 2021. In light of this, and in order to foster full alignment of interests between the CEO and shareholders from the outset, the Board of Directors In agreement with the CEO approved the sign-on share award. Representing the only variable remuneration awarded for 2021, the award was payable in two tranches, and subject to minimum prudential requirements at the time of payment as well as holding requirements, ensuring full compliance with the Group share ownership guidelines.

With reference to 2021 and in line with 2021 Group Remuneration Policy provisions, Mr. Orcel received:

- a fixed remuneration of overall € 2.5 million that was paid on a pro-rata temporis basis starting from 15 April 2021 and split for 80% under an open-ended executive employment contract and 20% as directorship fees;
- a variable pay of € 5 million, represented by the above-mentioned equity award. The monetary value was converted into shares at the price of € 7.420, this being the official market price of UniCredit shares on January 25, 2021 (i.e. the calendar day immediately preceding the date on which the employment terms had been agreed by the parties). The award is payable in two tranches: 66% (corresponding to 444,743 shares) in the course of 2022 and 34% (corresponding to 229,110 shares) in 2023. The payments are conventionally subject, in addition to prudential regulatory requirements, to malus / claw-back in case of serious personal compliance breaches and / or grossly negligent conducts. The entitlement to receiving the deferral payments is maintained even in case of termination of the contract for any reason other than willful misconduct or gross negligence.

Mr. Orcel's compensation package for 2021 did not include any other entitlement in terms of variable or fixed compensation, sign-on bonus or buy-out of pre-existing deferrals from previous employment.

Mr. Orcel was also entitled to receiving some fringe benefits, as foreseen by UniCredit policies, whose value is included in the reporting filed according to Consob requirements.

The terms and conditions for the former CEO's - Mr. Jean Pierre Mustier - termination have been already disclosed in the 2021 Remuneration Report. For 2021, he received the pro-quota fixed remuneration up to 10th February 2021, the date on which he stepped down from the CEO and General Manager offices.

3.3 Group Long-Term Incentive Plans status update

› 2017-2019 Group Long-Term Incentive Plan

All malus conditions for the second year of deferral were fulfilled, therefore the tranches vesting in 2021 were confirmed.

› 2020-2023 Group Long-Term Incentive Plan

An update on the LTI Plan progress status was provided to the Remuneration Committee on January 28, 2022. All the entry conditions (gateways & risk adjustment) were met in 2021.

To illustrate the progress status, and with no impact on final assessment, 2020-2021 average results on the LTI KPIs are:

- RoTE 5.0%;
- NPE Ratio "Core" 3.7%;
- Expected Loss new business flow 0.26%;
- OpEx 9.8 bn;
- ESG Sustainalytics Rating 4th in ranking at the end of 2021;
- Customer Experience +7 pts vs. competition at the end of 2021;
- People Engagement 70 pts.

The actual evaluation of the overall LTI Plan, including the appraisal of performance targets, will be carried out at the end of the four-year performance period (i.e. at the end of 2023 on end-of-Plan targets[5]).

5. As reference, targets are respectively: RoTE: 8.1% average 20-23; NPE Ratio "Core" 3.8% average 20-23; Expected Loss new business flow 0.39% average 20-23; OpEx: 10.2 bln end of 2023; ESG Sustainalytics Rating: 3th in ranking vs. peers end of 2023; Customer Experience +3 pts vs. competition end of 2023; People Engagement 73 pts twice in the Plan.

3.4 Group Material Risk Takers identification process outcomes

The second cycle Group Material Risk Takers (GMRT) identification process led to the identification of 1,121 GMRT (268 of which new compared with last year and 253 identified for the first time), resulting in 59 individuals more than the Group Material Risk Takers at the end of 2020. Approximately 450 individuals (see also chart below) amongst the total of Group Material Risk Takers belong to the Business Functions, for whom the adoption of a maximum ratio between variable and fixed remuneration of 2:1 can be applied.

Group Material Risk Taker population represented ca. 1.4% of the Group employee population, with this outcome being broadly in line with the results of 2020 process and slightly above the peers median.

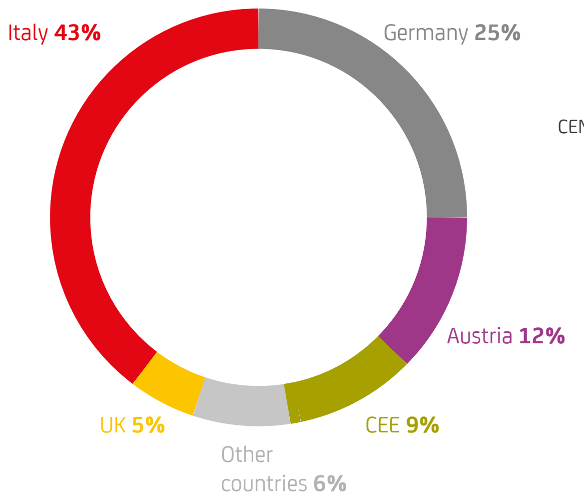
At the end of 2021, there were no Agents and Financial Advisors identified within the Group Material Risk Takers as per EBA qualitative criteria (in 2020 an exclusion process for 6 agents and financial advisors was activated and completed).

The outcome of the second cycle of the 2021 GMRT identification process has been approved by the Board of Directors on March 8, 2022 as included in this Remuneration Report.

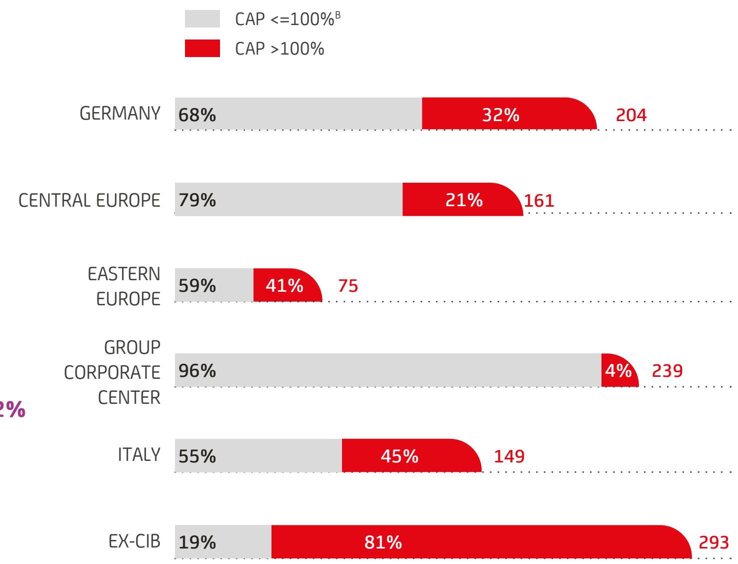
Here below a representation of 2021 Group Material Risk Taker population.

2021 Group Material Risk Taker Distribution

Geographical distribution of the Group Material Risk Taker



Distribution by Division



A. Total number of GMRTs does not include Group Management Body members not employees of UniCredit Group.
B. Variable to fixed cap is the ratio between variable and fixed compensation applicable according to the regulatory provisions.

4. 2021 Remuneration Data

4.1 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities

4.1.1 Board of Directors

The Ordinary Shareholders' Meeting held on April 15, 2021 appointed UniCredit's Board of Directors for the financial years 2021-2023 whose mandate expires upon approval of the 2023 financial statements. The Board thus elected is chaired by Mr. Pietro Carlo Padoan.

The Shareholders' Meeting of April 15, 2021 also approved the proposal, made by the outgoing Board, to grant to the members of the Board and its Committees an overall annual compensation of € 1,805,000, of which € 1,170,000 aimed at remunerating the members of the Board and € 635,000 the members of the Board's Committees.

The same Shareholder's Meeting had also approved the granting of an attendance fee for the participation to each Board and Committee meeting formally convened, differentiated as reported below:

- Board of Directors and Internal Controls & Risks Committee: € 1,000 in case of physical presence of the Director;
- other Board Committees: € 800 in case of physical presence of the Director;
- Board and Board Committees: € 400 if the participation of the Director occurs through remote communication means.

The proposal was drawn taking into consideration, inter alia, the following elements:

- the reduction of the number of Directors to 13;
- the market reference data (benchmark) - provided by Willis Towers Watson, a primary independent consultant - related to the remuneration of the members of the administrative body and board committees of the UniCredit's peer group and the major companies within the FTSE MIB financials. Such data showed, inter alia, that the positioning of the compensation that was proposed for the members of the Board was consistent with the 2021 Group Remuneration Policy, subject to approval in the same Ordinary Shareholders Meeting;
- the different commitment requested in relation to the activities of the single Committees[6], in terms both of time commitment and span of the activities falling within their area of competence.

According to the precautionary health and safety measures adopted by UniCredit within the Covid-19 emergency, in 2021 the attendance to the meetings was allowed both in person and remotely. The presence to the meetings was rewarded with the physical presence fees.

It is recalled that members of the Board of Directors benefit from an insurance policy covering the third party liability, inclusive of the related defense costs, of Directors and Officers (D&O). Such policy is renewed annually, based also on the authorization granted by the Shareholders' Meetings, lastly on April 15, 2021. The policy currently in place, valid for the period 16/05/2021 – 15/05/2022, envisages a maximum overall coverage of € 160 million and implies a cost, borne by the Bank, of €10,293 for each director or auditor of UniCredit S.p.A.. The overall cost for the whole Board of Directors amounts therefore to €133,809. Adding up the corresponding cost for the Board of Statutory Auditors (€51,465), the overall amount borne by the Bank for its corporate bodies corresponds to €185,274, versus a maximum amount authorized by the Shareholders' Meeting of €250,000. The value of the D&O Policy may represent, depending on fiscal regulations, a taxable fringe benefit for the beneficiaries.

The above overall compensation was then split by the new Board, that - in compliance with Clause 26 of the Articles of Association - also defined the remuneration of Directors holding specific roles vested with particular offices pursuant Art. 2389, 3rd paragraph, of the Italian Civil Code.

Specifically, these retainers defined by the Shareholders' Meeting were allocated as follows:

- € 90,000 for each Board member;
- € 50,000 for each member of the Internal Controls and Risks Committee;
- € 35,000 for each member of the Remuneration, Corporate Governance Nomination & Sustainability and Related-Party Committees. Upon creation of the ESG Committee in the course of 2021 the same retainer was subsequently allocated to the members of such Committee, without anyhow increasing the overall spending in view of a restructuring of the numerical composition of the other Committees.

6. For detailed information, reference is made to the document "Report on corporate governance and ownership structure", section 5 "Board of Directors internal Committees", published on the Company's website in the Governance section.

Moreover, heard the opinion of the Board of Statutory Auditors, the Board defined the following special remuneration ex art. 2389, 3rd paragraph of the Italian Civil Code:

- € 789,000 for the Chair of the Board of Directors, in addition to an insurance for non-occupational accidents;
- € 410,000 for the Chief Executive Officer;
- € 100,000 for the Chair of Internal Controls & Risks Committee;
- € 10,000 for the Chairs of the other Committees.

As required by the Supervisory Regulations of the Bank of Italy, the level of remuneration for the Chair of the Board of Directors did not exceed the fixed component of the one received by the Chief Executive Officer.

Finally it is recalled that the overall remuneration of the Chief Executive Officer, including the remuneration from employment as General Manager and net of the attendance fees for the participation to Committee meetings, in 2021 was equal to € 7,500,000, on a full year basis.

4.1.2 Board of Statutory Auditors

The Board of Statutory Auditors in office during 2021 was appointed on April 11, 2019 by the ordinary Shareholders' Meeting for three financial years 2019-2021, and its term runs until April 8, 2022, the date of the Shareholders' Meeting called for the approval of the 2021 Financial Statements.

The outgoing Board of Statutory Auditors had provided the 2019 Shareholders' Meeting with information on the time commitment required to carry out their functions. This commitment, for 2018, amounted to 77 days, equal to 616 hours (98 days, equal to 784 hours, as to the Chair). The same kind of information is meant to be provided to the Shareholders for the appointment and definition of the remuneration of the Board of Statutory Auditors during the 2022 Shareholders' Meeting.

In the Shareholders' Report, it was also reminded that the new Board of Statutory Auditors would have also performed the functions assigned to the Supervisory Board pursuant to Legislative Decree no. 231 of June 8, 2001, and that, consequently, in the Profile of UniCredit S.p.A. Board of Statutory Auditors it has been estimated as a reference point to assess the overall commitment required to the body's members the number of 109 days a year (98 days for the Board of Statutory Auditors' activities and 11 for the ones of the supervisory body) for the Chair of the Statutory Auditors and 88 days a year (77 days for the Board of Statutory Auditors' activities and 11 days for the ones of the supervisory body) for the permanent Auditors.

To the Shareholders' Meeting of April 11, 2019 was also communicated that:

- the annual remuneration approved by the Shareholders' Meeting of April 14, 2016 for the outgoing Board of Statutory Auditors was € 140,000 for the Chair of the Statutory Auditors and € 100,000 for each permanent Auditor, as well as an attendance fee of € 400 for each Board of Statutory Auditors meeting and of € 400 as attendance fee for taking part in any meeting of the other corporate bodies;
- the annual remuneration approved by the Board of Directors on June 13, 2018 for the external members of the Supervisory Board was € 50,000 for the Chair and € 40,000 for each external member;
- As mentioned in the section related to the Board of Directors, the Shareholders' Meeting held on April 15, 2021 resolved to renew the terms of the insurance policy to cover the third-party liability of the Company's Directors and Officers, covering also the Statutory Auditors. The value of the policy amounts to €10,293 for each permanent auditor, corresponding to €51,465 for the entire Board of Statutory Auditors. The value of the D&O Policy represents a taxable fringe benefit for the Auditors.

On the basis of this information - and taking specific account of the fact that, as from this renewal, the Board of Statutory Auditors would also perform the functions of the Supervisory Board - a shareholder of UniCredit S.p.A. proposed to the Shareholders' Meeting, which approved, an annual remuneration of:

- € 170,000 for the Chair of the Board of Statutory Auditors;
- € 125,000 for each permanent Auditor;

plus an attendance fee of € 400 for every meeting of the Board of Statutory Auditors and an attendance fee of € 400 for any other meetings of a company body attended. Such remuneration was consistently awarded to the Board of Statutory Auditors in 2021.

The current Board of Statutory Auditors expires with the approval of the 2021 Financial Statements for and the April 8, 2022 ordinary Shareholders' Meeting will approve a new one, defining at the same time the relevant remuneration.

4.1.3 Executives with Strategic Responsibilities

In the context of the Group reorganization and new top management composition, with particular reference to the creation of the Group Executive Committee (GEC), a change in the definition of Executives with Strategic Responsibilities was implemented, in order to optimize the Group governance framework. On the basis of the revised organizational structure, the Board of Directors identified the following roles as Executives with Strategic Responsibilities: Chief Audit Executive; GEC Members having a direct and significant impact on Group strategy (Group CEO, Head of Italy, Head of Germany, Head of Central Europe, Head of Eastern Europe, Head of Client Solutions, Chief Financial Officer, Group People and Culture Officer, Group Digital & Information Officer, Group Operating Officer, Group Risk Officer, Group Compliance Officer, Group Legal Officer).

Before such an update of the definition, the Executives with Strategic Responsibilities were represented by the Senior Executive Vice Presidents directly reporting to the Board of Directors or to the CEO. Therefore, at the beginning of 2021, the aggregate of Executives with Strategic Responsibilities was composed as follows: Group CEO, co-Heads of Western Europe, co-Heads of Central Eastern Europe, co-Chief Operating Officers, Head of Finance & Controls, Head of Group Human Capital, Group Risk Officer, Group Compliance Officer, Group Legal Officer and Chief Audit Executive.

In the interim period between the implementation of the new organizational structure, announced on 12 May 2021, and the approval of the new above mentioned definition, the aggregate included: Head of Italy, Head of Germany, Head of Central Europe, Head of Eastern Europe, Head of Corporate & Investment Banking, Chief Financial Officer, Group Digital & Information Officer, Group Operating Officer, Group Risk Officer, Group Compliance Officer, Group Legal Officer and Chief Audit Executive.

› Pay-mix

For 2021, according to the Group Remuneration Policy, in line with regulatory provisions, the maximum ratio between variable and fixed compensation has been defined ex-ante for the Group CEO (the sole executive director sitting on the Board of Directors and employee of the Company) and the other Executives with Strategic Responsibilities.

The balance between variable and fixed components has been defined considering also the company's strategic goals, risk management policies and other elements influencing the business of the company.

With reference to the following table, for Executives with Strategic Responsibilities it is specified that:

- the fixed component was defined taking into consideration market information and in such a way to be sufficient to reward the activity rendered even if the variable part of the remuneration package were not paid due to non-achievement of performance goals;
- for 2021 only, the Chief Executive Officer remuneration included a sign-on share-based award, representing the full variable remuneration for 2021, whose terms and conditions have been disclosed in section 3.2 above. Such award is payable in two tranches, not subject to performance conditions, malus or claw-back, while subject to minimum prudential requirements at the time of payment and holding requirements, therefore allowing him to be compliant with the Group share ownership guidelines. The proposed remuneration structure for 2021 was strictly linked to the first year of the mandate. The CEO fixed remuneration will remain unchanged for 2022, while the variable remuneration will be determined based on to the new Incentive System;
- in line with the latest regulatory requirements, the other Executives with Strategic Responsibilities have a balanced part of their remuneration linked to the economic results of UniCredit, taking into consideration the overall profitability, weighted by risk and cost of capital, as well as sustainability goals (based on capital and liquidity ratios).

Considering the Group reorganization and the creation of the Group Executive Committee, the compensation of certain Executives with Strategic Responsibilities, either newly hired or who significantly changed their role, was reviewed during the year.

With reference to the variable component and the weight of short-term and long-term components, the last one represented by the 2020-2023 LTI Plan tied to the Strategic Plan Team 23, the compensation pay-mix for Executives with Strategic Responsibilities in 2021 was:

- for the Business Functions, the Group Operating Officer and Group Legal Officer fairly balanced in terms of LTI and STI
- for the Heads of Corporate Control Functions based on STI (since LTI is not foreseen for them);
- for the Digital & Information Officer and Group People & Culture Officer, based on STI (since they were hired during 2021, after the launch of the 2020-2023 LTI Plan).

› Goals

In light of the above, the annual incentive took into consideration the achievement of specific goals which were previously approved by the Board upon proposal of the Remuneration Committee and the opinion of the Board of Statutory Auditors and the Internal Controls & Risks Committee, as appropriate.

Specific individual goals were set out taking into consideration the market practices and the role assigned within the Group, through the systematic use of specific indicators aimed at strengthening the sustainability of business, such as the customer satisfaction, risk and financial sustainability indicators and capital measures.

For the Heads of the Corporate Control Functions, pursuant to the provisions of Bank of Italy, the goals were established by the Board of Directors in line with the tasks assigned to them and avoiding goals linked to Bank's performance. In the decision making process related to Corporate Control Functions, the Board of Statutory Auditors and the Internal Controls & Risks Committee were also properly involved.

Specifically for 2021, the individual goals of the Heads of Internal Audit, Compliance, Risk Management (CRO), Group People & Culture and the Manager in charge of preparing the company's financial reports were not connected to the Company's performance.

In relation to the recent reorganization following the creation of the new GEC, a review of the 2021 Goal setting for the Executives with Strategic Responsibilities (especially for new hires and people who changed role) was necessary. Such review was aimed at ensuring alignment of the top management during this transition year, reflecting the new organizational changes and renewed call to action in compliance with Group and Regulatory requirements.

› Payout

In line with Group governance, 2021 assessment and payment for the Executives with Strategic Responsibilities have been reviewed by the Remuneration Committee and approved by the Board of Directors, heard the Statutory Auditors and Internal Controls & Risks Committee as relevant.

It was foreseen the deferral/holding of ca. 75-80 % of the incentive over 5 years, in cash and shares.

All the installments are subject to the application of malus and claw-back conditions, as legally enforceable.

Approximately 55% of the overall incentive is paid in UniCredit shares, whose number to be allocated in the respective installments are defined on the basis of the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board to which the bonuses are submitted, after having evaluated performance achievements.

For further information on individual allocation related to the 2021 Group Incentive System, refer to the 2021 Group Remuneration Policy, Section I, paragraph 5.1.

Details

Further information regarding the 2021 incentive plans implementation and outcomes is provided in paragraph 3.1 »

› Shareholding requirements

For the CEO and for other Executives with Strategic Responsibilities, share ownership guidelines are in place, further details in Section I, paragraph 4.8. For them and for all the other Executives to whom the guidelines apply, share ownership levels have been verified at the beginning of November 2021.

For ~76% of the Executives the levels are already in line with the guidelines' requirements (the remaining Executives are below the threshold but accumulating shares).

In the following charts the synthetic information regarding the perceived remuneration for 2021 by the Directors, Statutory Auditors and Executives with Strategic Responsibilities is shown.

2021 Compensation to Directors, Statutory Auditors and Executive with Strategic Responsibilities

Beneficiaries	Remuneration component	Approved by	Amount	Remarks

Non-Executive Directors	Only fixed compensation	Shareholders' Meeting of April 15, 2021.	• € 1,790,000, of which € 1,170,000 aimed at remunerating the members of the Board and € 620,000 as remuneration of the members of the Board's Committees
			• Attendance fee for participating to each meeting[A]:
			  • Board of Directors and Internal Controls & Risks Committee: € 1,000 in case of physical presence of the Director, € 400 if the participation occurs through remote communication means;
			  • other Board Committees: € 800 in case of physical presence of the Director, € 400 if the participation occurs through remote communication means.
				The compensation is determined on the basis of the importance of the position and the time required for the performance of the tasks assigned.
				
				The remuneration is not linked to the economic results achieved by UniCredit, non-executive directors and statutory auditors do not take part in any incentive plans based on stock options or, generally, based on financial instruments.
				
				According to the precautionary health and safety measures adopted by UniCredit within the Covid-19 emergency, in 2021 the attendance to the meetings was allowed both in person and remotely. The presence to the meetings was rewarded with the physical presence fees.

		Board of Directors of May 5, 2021, pursuant to sect. 2389 of the Civil Code par. 3 and Articles of Association, heard the opinion of Statutory Auditors.	• € 1,339,000 for each year of activity, split between:
			  • BoD Chairman;
			  • Chief Executive Officer (executive);
			  • Chairmen of Board's Committees.	

Statutory Auditors	Only fixed compensation	Shareholders' Meeting of April 14, 2016.	• Compensation for each year of activity[B]:
			  • for the Chairman of Board of Statutory Auditors: € 170,000;
			  • for each permanent Auditor: € 125,000;
			• € 400 attendance fee for participating to each meeting of the Statutory Auditors, of the BoD and of the Board Committees.	

Executives with Strategic Responsibilities	Fixed and variable compensation	Board of Directors.	2021 compensation level on a full year basis:
			• for the CEO: € 2,500,000 fixed[C];
			• for the other Executives with Strategic Responsibilities:
			  • € 10,218,000 fixed;
			  • € 10,716,000 variable[D].
				For 2021, the maximum ratio between variable and fixed compensation is:
				• 200% for the CEO, the GM and for the Executives with Strategic Responsibilities, responsible for business lines;
				• 33% for the Executives with Strategic Responsibilities, responsible for Corporate Control Functions;
				• 100% for the other Executives with Strategic Responsibilities.[E]

A. Even if meetings are held in the same day.
B. Alternate Auditors do not receive any compensation .
C. Including the compensation paid for the director relationship (excluding attendance fee).
D. Assuming 100% achievement for LTIP 20-23 yearly quota.
E. For People & Culture function and Manager in Charge of Drafting the Company Financial Reports the fixed remuneration is expected to be predominant in respect to the variable one.

2021 Compensation paid to members of the administrative and auditing bodies, to general managers and to other executives with strategic responsibilities.

Compensation to Directors

Board of Directors	BoD	Internal Controls & Risks Committee	Remuneration Committee	Corporate Governance, Nomination and Sustainability Committee	ESG Committee	Related-Parties Committee	Total fixed comp.*	Variable non-equity compensation bonuses and other incentives	Non monetary benefits	Other remuneration	Total	Fair value of equity comp.**	Severance indemnity for end of office or termination of employment
Cesare Bisoni	C [A]						256,721				256,721		
Pier Carlo Padoan	C [B]			M [C]			696,088		12,261		708,349		
Lamberto Andreotti	DC		C [C]	C [D]			168,526				168,526		
Jean Pierre Mustier - former CEO	M [E]						141,181		3,016		144,197		
Andrea Orcel - CEO	M [D]						1,800,139		38,464	50,624	1,889,227	4,811,216	
Mohamed Hamad Al Mehairi	M [A]						29,375				29,375		
Sergio Balbinot	M [A]						33,575				33,575		
Vincenzo Cariello	M					M	153,526		10,735		164,261		
Elena Carletti	M	C [B]	M [C]			M [D]	298,433				298,433		
Diego De Giorgi	M [A]		M [A]				47,844				47,844		
Jayne-Anne Gadhia	M [D]		C [D]	M [D]			148,762				148,762		
Jeffrey Alan Hedberg	M [D]				M [D]		108,584				108,584		
Beatriz Lara Bartolomé	M				M [D]		138,753				138,753		
Stefano Micossi	M [A]			C [A]		M [A]	65,589				65,589		
Luca Molinari	M [D]		M [D]				110,184				110,184		
Maria Pierdicchi	M	M				C	236,126				236,126		
Francesca Tondi	M	M		M [C]	C [D]		238,877				238,877		
Renate Wagner	M [D]		M [D]				110,184				110,184		
Alexander Wolfgring	M	M [F]		M			258,619		10,735		269,355		
Total Board of Directors							5,041,085		75,212	50,624	5,166,920	4,811,216	

C Chairman DC Deputy Chairman M Member

A. Office held until April 15, 2021.
B. Office held since April 15, 2021, member previously during 2021.
C. Office held until April 14, 2021.
D. Office held since April 15, 2021.
E. Office held until February 10, 2021.
F. Office held since April 15, 2021 and Chairman until April 14, 2021.

Compensation to the Board of Statutory Auditors

Board of Statutory Auditors	Role	Total fixed comp.*	Variable non-equity compensation - bonuses and other incentives	Non monetary benefits	Other remuneration	Total	Fair value of equity comp.**	Severance indemnity for end of office or termination of employment
Marco Rigotti	Chairman	219,600		10,293		229,893		
Antonella Bientesi	Standing auditor	163,800		10,293		174,093		
Angelo Rocco Bonissoni	Standing auditor	161,000		10,293		171,293		
Benedetta Navarra	Standing auditor	192,200		10,293		202,493		
Guido Paolucci	Standing auditor	176,400		10,293		186,693		
Total Statutory Auditors		913,000		51,465		964,465		

* Included compensation for committee participation and attendance tokens
** The "Fair value of equity compensation" does not represent a value actually paid to/gained by the beneficiaries of equity plans, being instead the cost that the Company is booking - on an accrual basis and during the vesting period - in consideration of the provision of the incentives based on financial instruments.

Section II
Remuneration Report - 4. 2021 Remuneration Data

Compensation to Executives with Strategic Responsibilities

Executives with Strategic Responsibilities	Total fixed comp.	Variable non-equity compensation - bonuses and other incentives	Non monetary benefits	Other remuneration	Total	Fair value of equity comp.*	Severance indemnity for end of office or termination of employment
Ranieri de Marchis - General Manager [A]	288,082	30,378	29,469		347,930	107,897	
Other Executives with Strategic Responsibilities (Total 11.4 FTE on yearly basis)	9,318,881	2,799,294	491,123	212,091	12,821,389	7,867,377	14,725,582

A. Data referred only for General Manager remuneration for the office held between February 11, 2021 and April 14, 2021.
* The "Fair value of equity compensation" does not represent a value actually paid to/gained by the beneficiaries of equity plans, being instead the cost that the Company is booking - on an accrual basis and during the vesting period - in consideration of the provision of the incentives based on financial instruments.

Details »

For further details, refer to the Annex 1 document attached to the 2022 Group Remuneration Policy and Report, published on the UniCredit website, in the section dedicated to the Shareholders' Meeting.

Development of CEO and Directors Total Remuneration, Average Employee Remuneration and Company Performance

EUR K Accounting based		2019	2020	2021	Delta 2021 vs. 2020
Chief Executive Officer	Andrea Orcel[A]	-	-	6,700	NR
Former Chief Executive Officer	Jean Pierre Mustier[B]	2,248	5,241	144	NR
Chairman of the Board of Directors	Pier Carlo Padoan[C]	-	26	708	NR
Member of the Board of Directors	Cesare Bisoni[D]	492	882	257	-71%
	Lamberto Andreotti	141	166	169	1%
	Mohamed Hamad Al Mehairi*	87	96	29	-69%
	Sergio Balbinot*	85	95	34	-65%
	Vincenzo Cariello	146	151	164	9%
	Elena Carletti	178	224	298	33%
	Diego De Giorgi*	-	102	48	-53%
	Beatriz Lara Bartolomè	-	87	139	59%
	Stefano Micossi*	192	196	66	-67%
	Maria Pierdicchi	171	217	236	9%
	Francesca Tondi	155	227	239	5%
	Alexander Wolfgring	314	327	269	-18%
	Jayne-Anne Gadhia**	-	-	149	NR
	Jeffrey Alan Hedberg**	-	-	109	NR
	Luca Molinari**	-	-	110	NR
	Renate Wagner**	-	-	110	NR
Chairman of the Statutory Auditors	Marco Rigotti	154	224	230	3%
Member of the Statutory Auditors	Antonella Bientinesi	160	167	174	4%
	Angello Rocco Bonissoni	160	169	171	1%
	Benedetta Navarra	190	200	202	1%
	Guido Paolucci	178	188	187	-1%
Employees	Group average	53	52	55	6%
Company Performance (mln)	Underlying Net Profit	4,675	1,264	3,900	209%
	CEO to employee ratio	43x	101x	121x	20x

A. As represented in the CONSOB Table and in line with accounting principles: overall total remuneration including equity fair value considering the 2021 Share Award, for whose characteristics reference should be made to the relevant paragraph in the Remuneration Report, the cost of which was entirely posted in 2021, based on international accounting standards. CEO office held since April 15, 2021.
B. As represented in the CONSOB Table and in line with accounting principles: overall total remuneration including equity fair value considering 2017-19 LTIP in 2020 due to termination agreement, in brackets total compensation excluding fair value. For the CEO the shares of 2017-2019 Long Term Incentive Plan will be awarded according to the cliff vesting scheme and subject to malus and claw-back conditions, as legally enforceable; the 2020-2023 Long Term Incentive Plan was fully waived. CEO office held until February 10, 2021
C. As represented in the Consob Table: for 2021, considers pro-quota for Chairman role
D. As represented in the Consob Table: for 2019 and 2021, considers pro-quota for Chairman role

* Office held until April 15, 2021.
** Office held since April 15, 2021

FOCUS

Severance Payments - Members of the Board of Directors, General Managers and other Executives with Strategic Responsibilities

During 2021, no indemnities and/or other benefits were allocated for the termination of office or termination of employment of the members of the administrative and control bodies.

The terms set for the termination of the relationship with the former General Manager and Chief Executive Officer, Mr. Jean Pierre Mustier, were disclosed to the market in press releases issued on December 21, 2020, and February 10, 2021, as well as in the 2021 Remuneration Report.

The terminations of 5 other former Executives with Strategic Responsibilities - that occurred in the course of 2021 further to the implementation of the new organizational setup announced by the Bank on May 12, 2021 - were managed in strict compliance with the provisions of the Group Termination Payments Policy.

FOCUS

Indemnities to Directors in the event of resignations, dismissal or termination of employment following a public purchase offer (as per Sect. 123/bis, paragraph 1, letter i), of TUF)

None of the Directors have contracts containing clauses envisaging the payment of indemnities, or the right to keep post-retirement benefits, in the event of resignations or dismissal/revocation without just cause or if the employment relationship is terminated following a public purchase offer. In case of early termination of the mandate, the ordinary law provisions would therefore apply.

The individual employment, as Executive, of the former Chief Executive Officer, Mr. Jean Pierre Mustier, was governed - also with regards to the event of resignation, dismissal/revocation or termination - by the ordinary provisions of the law and National Labor Agreement for Banking Industry Executives dated July 13, 2015.

The aforementioned relationship was terminated at the end of February 2021 without any termination payment other than those strictly due under the law or collective agreement, the so-called “termination fees”.

The terms of the exit agreement were disclosed in a Press Release issued on December 21, 2020 pursuant to the Corporate Governance Code.

The employment, as Executive, of the current Chief Executive Officer, Mr. Andrea Orcel, is governed - also with regards to the event of resignations, dismissal/revocation or termination - by the ordinary provisions of the law and National Labor Agreement for Banking Industry Executives dated July 13, 2015, complemented by some specific provisions contained in his individual contract that, in particular, provide for:

- an indemnity in lieu of notice equal to 12 months of aggregate compensation, calculated conventionally including also the director’s fees and considering, for the purposes of the Italian Collective Labor Agreement for Banking Industry Executives, the seniority already accrued within the banking sector in executive positions
- the right to keep any possible deferred compensation at the time of termination, except in case of layoff for cause or if Mr.Orcel, within 6 months from termination, should start a new employment or directorship with a direct competitor of UniCredit listed in a specific annex.

Non-executive Directors do not receive, within incentive plans, UniCredit subscription rights.

For Directors currently in office, provisions do not exist regarding the establishment of advisory contracts for a term following the termination of the directorship, nor the right to keep post retirement perks. No agreements exist either providing compensation for non-competition undertakings.

4.2 Granular Remuneration Data

Total compensation policy for non-Executive Directors, Group Material Risk Takers and for the overall Group employee population shows in particular how:

- remuneration of the non-Executive Directors, as approved by the AGM, does not include variable performance-related pay;
- variable remuneration for Group Material Risk Takers is in line with their strategic role, regulatory requirements and pay for performance culture;
- the general employee population is offered a balanced pay-mix in line with the role, scope and business or market context of reference.

› Group Material Risk Takers

For 2021 the self-evaluation process, regularly reported in the 2021 Group Remuneration Policy, led to the identification of about 1,000 people at the beginning of 2021.

During 2021 the Group Material Risk Takers list has been constantly updated, taking into account resources turnover and banding and organizational changes review process, bringing the amount of Material Risk Takers to 1,121 by the end of the year.

› Group overall population

The total compensation costs at Group level amounted at 6,022 million € in 2021, out of which the variable compensation amounted to 503 million €[7].

Compensation pay-mix by cluster of population/type of business

	Compensation Pay-Mix	
Group employee population	Fixed and other non-performance related Pay	Variable performance-related Pay
Non-Executive Directors		
Chairman and Vice-Chairman	100%	0%
Directors	100%	0%
Statutory Auditors	100%	0%
Group employee population		
Business Areas[A]	92%	8%
Corporate center/Support functions[B]	92%	8%
Overall Group Total	92%	8%

A. Italy, Germany and Austria business divisions (i.e. excluding Local Corporate Centers and Local Digital & Operations), CE & EE Countries.
B. Corporate Center Global, Digital & Operations, the Local Corporate Centers and Local Digital & Operations of Italy, Germany, Austria.

7. Net of one-off releases.

› Benefits

Furthermore, UniCredit employees enjoyed welfare, healthcare and life balance benefits that supplement social security plans with minimum contractual requirements. These benefits are intended to provide substantial guarantees for the well-being of staff and their family members during their active careers as well as in retirement.

In Italy, among the complementary pension plans, there are defined benefit plans and defined contribution plans. In most cases, benefits are paid out once the retirement requirements are satisfied. In defined benefit plans the benefit's calculation is known in advance, while in defined contribution plans the benefit depends on allocated asset management results.

Complementary pension plans of UniCredit Group in Italy are external pension funds, legally autonomous from the Group.

These plans are closed and do not allow new subscriptions, the only exception is represented by the defined contribution plan section of the "Fondo Pensione per il Personale delle Aziende del Gruppo UniCredit" (which was composed by approximately 45,514 enrolled active employees, as reported in the 2020 Pension Fund Annual Report).

Within this section subscribers can distribute contribution depending on their own risk appetite - among various investment lines (one in the Insurance sector, three in the Finance sector - corresponding to Short, Medium and Long-Term options), characterized by different risk/yield ratios. In addition, the enrolled employees may open complementary pension plan positions in favor of their family members dependent for tax purposes.

Moreover, in most countries where UniCredit is present, complementary pension plans are available for Group employees.

More details and information can be found in the Unicredit Integrated Report and the relevant Supplement.

4.2.1 Pillar 3 disclosures on Group Material Risk Takers' remuneration and disclosures on the highest-paid employees

This section contains a number of disclosures which are required in accordance with Article 450 of the Capital Requirements Regulation (CRR II)[8].

Specifically, with reference to table REM 3, the vested component of variable remuneration from previous years refers to cash and equity awards to which the right has matured as the performance conditions have been achieved:

- the vested components in cash refer to 2016, 2018, 2019 and 2020 Group Incentive Systems and, if present, to other forms of variable remuneration;
- the vested components in shares refer to 2016, 2017, 2018, 2019 and 2020 Group Incentive Systems and 2017-2019 LTI Plan and, if present, to other forms of variable remuneration.

Instead, the unvested component of variable remuneration from previous years refers to cash and equity awards to which the right has not yet matured and for which any potential future gain has not been yet realized and remains subject to future performance:

- the unvested components in cash refer to 2017, 2018, 2019 and 2020 Group Incentive Systems and, if present, to other forms of variable remuneration;
- the unvested components in shares refer to 2017, 2018, 2019 and 2020 Group Incentive Systems and 2017-2019 LTI Plan and, if present, to other forms of variable remuneration.

Variable remuneration paid with reference to 2021 from previous years includes payouts based on demonstrated multi-year performance achievements related to Group Incentive Systems plans and, if present, to other forms of variable remuneration.

8. In this context, Identified staff and Material Risk Taker are used interchangeably.

Table EU REMA - Remuneration policy
Institutions shall describe the main elements of their remuneration policies and how they implement these policies. In particular, the following elements, where relevant, shall be described:

Qualitative Disclosure	
a) Information relating to the bodies that oversee remuneration. Disclosures shall include:	
1. Name, composition and mandate of the main body (management body or remuneration committee as applicable) overseeing the remuneration policy and the number of meetings held by that main body during the financial year.	At the end of 2021, the Remuneration Committee was composed of members Ms. Jayne-Anne Gadhia (Chairwoman), Mr. Luca Molinari and Ms. Renate Wagner. All members of the Committee in its current composition are independent according to the article 13 of the Italian Decree issued by the Ministry of Economics and Finance no. 169/2020 (the "Decree") and to the article 147-ter, paragraph 4, in conjunction with article 148, paragraph 3, of the Italian Legislative Decree n. 58/98 (the 'Testo Unico della FinanzaConsolidated Law on Finance' or 'TUF') and the majority of them meets the requirements of independence provided for described in the Italian Corporate Governance Code and in the Articles of Association. In order to foster an efficient information and advisory system to enable the Board of Directors to better assess the topics for which it is responsible, in compliance with the Supervisory Regulations on corporate governance issued by the Bank of Italy and in accordance with the provisions of the Italian Corporate Governance Code for the listed companies ("Italian Corporate Governance Code"), the Remuneration Committee has been established by the Board, vested with research, advisory and proposal-making powers. In particular, the Remuneration Committee is entrusted with the role of providing advice and opinions on the proposals submitted to the Board of Directors regarding the Group remuneration strategy. In 2021 the Remuneration Committee met 16 times.
2. External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework.	In 2021 the Remuneration Committee has availed itself with the services of Willis Towers Watson (WTW), for the first three quarters, and of PricewaterhouseCoopers (PwC) from the third quarter onwards, managing the transition of the role as an external independent advisor, who provides advice on compensation practices and trends, as well as up-to-date remuneration benchmarking studies. During their mandate, the external advisors' representatives were invited to attend the meetings of the Committee, providing their independent opinion to the Remuneration Committee on the various topics in agenda.
3. A description of the scope of the institution's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to subsidiaries and branches located in third countries.	The principles of the Group Remuneration Policy apply across the organization and shall be reflected in all remuneration practices applying to the several employee categories across businesses, including staff belonging to external distribution networks, considering their remuneration peculiarities. With specific reference to Material Risk Takers, the Group People & Culture function establishes guidelines and coordinates a centralized and consistent management of compensation and incentive systems. In compliance with Group Remuneration Policy and local regulation, Legal Entities, countries and divisions apply compensation framework for all employees, with local adaptations based on specific regulations and/or business specifics.
4. A description of the staff or categories of staff whose professional activities have a material impact on institutions' risk profile.	As a result of the analysis on Group Material Risk Takers and as approved by the Board of Directors, upon Remuneration Committee proposal and in compliance with Delegated Regulation (EU) n. 923/2021 issued by the European Commission, the following categories of employees have been defined for 2021 as Material Risk Takers. All members of the management body, including the CEO and all Board Members, as well as Senior Management who exercise executive functions within an institution and who are responsible, and accountable to the management body, for the day-to-day management of the institution. Moreover, additional positions with managerial responsibility over the institution's control functions (Audit, Risk Management, Compliance) or material business units were identified, as well as other roles responsible for the Group's decisions which may have a relevant impact on the Bank's risk profile. Finally, other specific roles of the legal entities have been defined as Material Risk Takers according to regulatory provisions. For further details, please refer to the paragraph 2.4 Group Material Risk Takers identification process within the 2021 Group Remuneration Policy.
b) Information relating to the design and structure of the remuneration system for identified staff. Disclosures shall include:	
1. An overview of the key features and objectives of remuneration policy, and information about the decision-making process used for determining the remuneration policy and the role of the relevant stakeholders.	UniCredit's compensation governance model aims at assuring clarity and reliability of remuneration decisional processes by controlling group-wide remuneration practices and ensuring that decisions are made in an independent, informed and timely manner at appropriate levels, avoiding conflicts of interest and guaranteeing appropriate disclosure in full respect of the general principles defined by regulators. Relying on the governance model, the Group Remuneration Policy sets the framework for a coherent and consistent design, implementation and monitoring of compensation practices across the entire Group. Within this common policy framework, guidelines are defined to implement compensation programs and plans that reinforce sound risk management policies and the long-term strategy and generally pursue long-term value creation and sustainability of the company. In doing so, UniCredit effectively meets the specific and evolving needs of the different businesses, market contexts and employee populations while ensuring that business and people strategies are always appropriately aligned with the remuneration approach, including external networks and agents, where applicable, as foreseen by regulation. On an annual basis, the Group Remuneration Policy is drawn up by the Group People & Culture function with the involvement of the Group Risk Management and other relevant functions (e.g. Group CFO) and is validated by the Group Compliance function for all compliance related aspects, before being submitted to the Remuneration Committee. After its review, the document is submitted to the Board of Directors and presented to the shareholders' Annual General Meeting for approval, in line with regulatory requirements. Once approved, the Group Remuneration Policy is formally adopted by competent bodies in the relevant Legal Entities across the Group in accordance with applicable local legal and regulatory requirements.
2. Information on the criteria used for performance measurement and ex ante and ex post risk adjustment.	The Group Incentive System is based on a bonus pool approach and links bonuses with company results at Group and country/division level, ensuring a strong connection between profitability, risk and reward. In order to align to regulatory requirements, specific indicators measuring annual profitability, capital and liquidity results have been set at both local and Group level as Entry Conditions. The combined evaluation of the Entry Conditions at Group and local level defines possible scenarios that allow the confirmation to increase, reduce or cancel the bonus pool for each cluster. The ex ante malus condition (Zero Factor) applies in case the specific metrics on profitability, capital and liquidity are not achieved both at Group and local level. Specifically, the Zero Factor is applied to the Material Risk Taker population, whereas for the non-Material Risk Taker population, a significant reduction will be applied. More in general, the Group reserves the right to activate ex post malus and claw-back mechanisms, namely the reduction/cancellation and the return respectively of any form of variable compensation in case of verification of behaviors adopted by the employees as described in the Focus "Compliance Breach, Malus and Claw-back". For details on the criteria used for performance measurement, please refer to the item e)1. of this same table as well as directly to the 2021 Group Remuneration Policy content, paragraphs 5.1 2021 Group Incentive System and 5.2 Performance Management framework.
3. Whether the management body or the remuneration committee where established reviewed the institution's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration.	In 2021, the Remuneration Committee reviewed the institutions' Remuneration Policy. Main changes of the 2021 Group Remuneration Policy and Report compared to the previous year were driven by the aim to ensure the remunera tion strategy may attract Directors, Executives and key people for the long-term objectives of the Group, while complying with the latest regulatory updates. These changes included, among others: the review of the compensation policy target for Material Risk Takers related to the total compensation which was set on the market median as reference, with the possibility to increase (up to market upper quartile) to attract and retain top-class talents; Material Risk Takers identification process and methodology update, considering the new EBA Regulatory Technical Standards; a new minimum 4-year deferral scheme (replacing the previous 3-year deferral scheme) for non-Senior Management, in line with the CRD V provisions; alignment of remuneration policy governance rules to new Consob Issuers Regulation provisions transposing in Italy the Shareholders Rights Directive II EU provisions; review on the Group Termination Payments Policy, reflecting changes in UniCredit's competitive positioning.
4. Information of how the institution ensures that staff in internal control functions are remunerated independently of the businesses they oversee.	The KPI Bluebook, framework that supports the definition of Scorecards providing a set of performance indicators and guidelines, provides specific guidelines related to the selection of goals for the Corporate Control Functions, in order to ensure their independence (e.g. avoid KPIs linked to economic measure, use KPIs independent of results of monitored areas to avoid conflict of interests). To support the design of remuneration and incentive systems, also the following "compliance and sustainability drivers" have been defined, in line with applicable regulation to also address the independency of Corporate Control Functions. - design incentive systems to set minimum performance thresholds below which zero bonus will be paid. In order to maintain the adequate independence levels for Corporate Control Functions, for Human Resources and the Manager in Charge of Drafting the Company Financial Reports, provide a maximum threshold for the progressive reduction of the bonus pool, which can be phased out to zero only in presence of exceptionally negative situations with an approval process including a governance step by the Board of Directors; - avoid bonuses linked to economic results for Corporate Control Functions, for Human Resources and Manager in Charge of Drafting the Company Financial Reports and set, for the employees in these functions, individual goals that shall reflect primarily the performance of their own function and that will be independent of results of monitored areas, in order to avoid conflict of interest.
5. Policies and criteria applied for the award of guaranteed variable remuneration and severance payments.	The guaranteed variable remuneration is a non-standard compensation and as such, the compensation elements are considered as exceptions and limited only to specific situations, as appropriate based on the regulation in force from time to time (e.g. recruitment of new staff and limited to the first year of employment and cannot be awarded more than once to the same person). Non Standard Compensation are managed by HR function with the involvement of Compliance function and are approved according to the internal HR Delegation of Powers. With regards to severance payments, according to the regulatory requirements, a specific Policy on payments to be agreed in case of early termination of a contract was firstly submitted for approval to the 2015 Annual General Meeting. Subsequently, updates were submitted for approval to the Annual General Meetings of April 11, 2019 and April 15, 2021. For further details, please refer to "Group Termination Payments Policy" available on the corporate website.

Table EU REMA - Remuneration policy

Institutions shall describe the main elements of their remuneration policies and how they implement these policies. In particular, the following elements, where relevant, shall be described:

Qualitative Disclosure	
c) Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures shall include an overview of the key risks, their measurement and how these measures affect remuneration.	
	The Group Incentive System is based on a bonus pool approach. In order to ensure consistency with the Group Risk Appetite Framework, the bonus pool may be revised up/downwards, on the basis of the overall "quality of performance". The methodology envisages the assessment performed by Group Risk Management based on specific dashboards at Group and local level. The CRO dashboards include indicators covering all relevant risks, such as credit, market and liquidity and the risk position assumed, the adherence to regulatory requirements and the relationship between risk and profitability. The specific metrics are measured with reference to the respective relevant thresholds (limit, trigger and target), established in line to the Group Risk Appetite Framework. For each bonus pool cluster, the Group CRO function provides an overall assessment on the dashboards and the evaluation brings to the definition of a "multiplier" in order to define the adjustment of each bonus pool, which could fall in the range of 50%-120%. Negative and neutral "multipliers" (i.e. 50%, 75% and 100%) are directly applied to bonus pool. In case of positive CRO "multipliers" (i.e. 110% and 120%) the possibility to grant a further growth in the bonus pool is confirmed only in case of positive EVA (profit (1) higher than cost of capital) or EVA greater than budget value, if the latter is negative. Positive "multipliers" are representing the upper bound of the bonus pool theoretical value and subject to managerial evaluation, considering the broader context of the company. (1) In terms of Net Operating Profit After Taxes (NOPAT).
d) The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD.	
	In compliance with applicable regulations, for the personnel belonging to the business functions a maximum ratio between variable and fixed remuneration of 2:1 applies, as approved by the Annual General Meeting of May 13, 2014. Positions entitled to a variable to fixed ratio of potentially up to a maximum of 2:1 are: - Group Chief Executive Officer; - Group Heads and Deputies of Commercial Banking, Corporate and Investment Banking, Chief Operating Office function, Finance & Controls function; - CEO and General Managers of Group Legal Entities; - Personnel belonging to Business Divisions (e.g. Commercial Banking, Corporate and Investment Banking), excluding control or support roles. For the rest of the staff a maximum ratio between the components of remuneration equal to 1:1 is usually adopted, except for the staff of the Corporate Control Functions, for Human Resources and the Manager in Charge of Drafting the Company Financial Reports for which it is expected that fixed remuneration is a predominant component of total remuneration. For the Material Risk Takers of Corporate Control Functions in Italy, the ratio between the variable and the fixed components of remuneration cannot exceed the limit of one third, as per BankIt provision (Circular 285 of December 17, 2013, 25th update of October 23, 2018).
e) Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration. Disclosures shall include:	
1. An overview of main performance criteria and metrics for institution, business lines and individuals.	The Group Incentive System is based on a bonus pool approach which is compliant with the most recent national and international regulatory requirements and links bonuses with company results at Group and country/division level, ensuring a strong connection between profitability, risk and reward. The bonus pools are initially proposed during the budgeting phase for every cluster as a percentage of their respective Funding KPI (e.g. Underlying Net Operating Profit). In such a definition, the following elements are considered: business context and perspectives, previous years amount and forecasts of profitability. Bonus pools are based on the risk weighted results of each country/division, in line with overall Group performance, considering the assessment of both Group and country risk sustainability. Furthermore, bonus pool size takes into consideration any recommendation issued by European or local regulators on variable remuneration. Individual bonus will be allocated managerially, considering the individual performance appraisal and the Reference Value (considering the internal and/or external benchmarking analysis on similar roles, the seniority, the maximum ratio between variable and fixed compensation), adjusted according to the actual available bonus pool. At individual level it will be also considered the respect of provisions of law, Group's compliance rules, Company policies or integrity values, Code of Conduct and the application of claw-back clauses, as legally enforceable. Moreover, each participant has to complete the mandatory trainings courses and, for impacted roles, the customer due diligence periodic review (Know Your Customer) and the MiFID Customer Profiling, within a pre-defined threshold in order to be entitled to the bonus. Individual performance appraisal is based on 2021 Scorecard: around six individual goals assigned during the performance year, selected from the catalogue of main key performance indicators (KPI Bluebook) and inspired by the "Five Fundamentals". The "Five Fundamentals" are the main pillars of UniCredit culture and are at the basis of the UniCredit Competency Model that describes those behaviors that are expected from all UniCredit people and through which all employees are assessed in performance management processes. The "Five Fundamentals" are: Customers First, People Development, Cooperation & Synergies, Risk Management, Execution & Discipline. The KPI Bluebook serves as the performance measurement and evaluation framework within the Group Incentive System, which is reviewed and updated annually with the involvement of certain key functions (i.e. Human Capital, Finance, Risk Management, Compliance, Group ESG Strategy & Impact Banking). The different categories of the KPI Bluebook represent economic and non economic goals and are mapped into clusters of business, to help identifying the most relevant standardized KPIs (all certified by relevant functions), with specific focus on risk-adjusted, sustainability-driven metrics and economic measures. In particular, for the Group Material Risk Takers it is possible to include from five to eight goals with an adequate economic/non-economic mix, also in terms of number of objectives assigned and the weight given to each objective. The goals are mandatorily selected from the KPI Bluebook with the possibility to assign up to two custom goals. Competencies and behaviors considered as relevant are taken into account by the manager for the overall performance appraisal. For the Executives with Strategic Responsibilities, according to their roles, the 2021 goals were considering the following drivers for performance: Return on capital/ Risk-Adjusted Profitability, Asset quality, Cost Control, Tone from the Top, Human Capital Value & Inclusion, Strategic and ESG Initiatives defined by each function to sustain Strategic Plan Team 23 goals' achievement (e.g. customer experience or process automation and digitization).
2. An overview of how amounts of individual variable remuneration are linked to institution-wide and individual performance.	Individual variable remuneration is driven primarily by institution-wide performance, in order to determine the size of the available bonus pool (the larger the profitability level of the institution, the higher the available bonus pool), and secondly by individual performance considering individual Pay-for-Performance principles (the higher the individual performance rating, the higher the variable remuneration awarded to individuals). The bonus pool may be revised up/downwards, on the basis of the overall "quality of performance", in order to ensure consistency with the Group Risk Appetite Framework and the economic sustainability of the Group's and country/division results over time. The methodology envisages the assessment performed by Group Risk Management based on specific dashboards at Group and local level.
3. Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments.	The individual bonus is composed of more than 50% in shares for Senior Management (1) and of 50% cash and 50% shares for the remaining Group Material Risk Takers. It is paid out over a period up to six years, ensuring alignment with shareholders' interests and malus and claw-back conditions, as legally enforceable. The balance between shares and cash is guided by the specific regulatory requirements on the matter. (1) Staff members which are Senior Management of the Legal Entities of Group MBU as well as all Executive Vice Presidents in the Group Legal Entities. This includes, regardless of the banding: Group CEO, Heads of Group Businesses/Divisions (e.g. Commercial Banking, CIB, CEE), Heads of Group Competence Lines (e.g. Group Compliance, Group Human Capital, etc.), Group CEO reporting lines and all other Senior Management roles in Group Legal Entities (as defined by Bank of Italy) receiving a significant amount of variable remuneration.
4. Information of the measures the institution will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining "weak" performance metrics.	The Incentive System methodology foresees specific "Entry Conditions" set at both Group and country/division level that impact bonus pool size. The combined evaluation of the Entry Conditions at Group and local level (also depending on weak performance metrics) defines four possible scenarios that allow the confirmation to increase, reduce or cancel the bonus pool for each cluster. A. In case the Entry Conditions are not met at both Group and local levels, the malus condition is activated, triggering the application of Zero Factor on both current year bonus and previous years deferrals. For the other employees, a significant reduction will be applied. B. In case the Entry Conditions are not met only at Country/Division level, a floor might be defined for retention purposes and in order to maintain the minimum pay levels needed to play in the market. C. In case the Entry Conditions are not met only at Group level, the gate is "partially open", with the possibility to payout a reduced Bonus Pool. D. In case the Entry Conditions are met both at Group and Country/Division level, the gate is "fully open", meaning the Bonus Pools may be fully confirmed. The entry conditions of each year act as ex ante malus for the deferrals in payment in the year and, in case the entry conditions are not met both at Group and local level activating the Zero Factor, the deferrals are cancelled.
f) Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance. Disclosures shall include:	
1. An overview of the institution's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration including where it is different among staff or categories of staff.	With reference to the payout structure of the Group Incentive System, the Material Risk Takers population will be differentiated into four clusters, using a combined approach of position and compensation: - for Senior Management(1) 5-year deferral schemes are applied, consisting in a payout structure of 6 years in total; a higher deferral percentage is applied in case of High Earners (variable remuneration > 430,000 Euro(2)); - for other Material Risk Takers 4-year deferral schemes are applied, consisting in a payout structure of 5 years in total; a higher deferral percentage is applied in case of High Earners (variable remuneration > 430,000 Euro). The payout of incentives will be done through upfront and deferred installments, in cash or in UniCredit ordinary shares, up to a multi-year period. Each share tranche is subject to a 1 year retention period for both upfront and deferred shares, as foreseen by regulation. All the installments are subject to the application of claw-back conditions, as legally enforceable. On the other hand, the 2020-2023 Group Long Term Incentive Plan - which provides for the allocation of UniCredit free ordinary shares - foresees: - 4 years deferral period (from the date of the award of the LTI Plan) subject to "malus" conditions (3) and - additional compulsory holding year (after which the shares become free to sell, only if the share ownership guidelines are respected). The payment scheme of the variable remuneration considers a ratable vesting for CEO, SEVP and EVP compared to 100% upfront vesting for Key Players not Material Risk Takers At local level, Group Entities may perform calibrations on the length of the deferral schemes and/or the use of financial instruments to be aligned with more restrictive local regulations. (1) Staff members which are Senior Management of the Legal Entities of Group MBU as well as all Executive Vice Presidents in the Group Legal Entities. This includes, regardless of the banding: Group CEO, Heads of Group Businesses/Divisions (e.g. Commercial Banking, CIB, CEE), Heads of Group Competence Lines (e.g. Group Compliance, Group Human Capital, etc.), Group CEO reporting lines and all other Senior Management roles in Group Legal Entities (as defined by Bank of Italy) receiving a significant amount of variable remuneration. (2) 430.000 Euro is the lower amount between 10 times the average Bank total compensation and the 25% of total compensation of Italian High Earner as reported by EBA. (3) Malus conditions that reduce the payable amount based on profitability, liquidity, capital position.

Section II
Remuneration Report - 4. 2021 Remuneration Data

Qualitative Disclosure	
2. Information of the institution' criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law).	Malus and claw-back mechanisms may apply in the case of verification of behaviors adopted in the reference period (performance period), for which the employee: - contributed with fraudulent behavior or gross negligence to the Group incurring significant financial losses, or by his/her conduct had a negative impact on the risk profile or on other regulatory requirements at Group or country/division level; - engaged in misconduct and/or fails to take expected actions which contributed to significant reputational harm to the Group or to the country/division, or which were subject to disciplinary measures by the Authority; - is the subject of disciplinary measures and initiatives envisaged in respect of fraudulent behavior or characterized by gross negligence during the reference period; - infringed the requirements set out by articles 26 TUB and 53 TUB, where applicable, or the obligations regarding the remuneration and incentive system. Malus mechanisms are also applied to take into account the performance net of the risks actually assumed or achieved, the performance related to the balance sheet and liquidity situation.
3. Where applicable, shareholding requirements that may be imposed on identified staff.	Share ownership guidelines set minimum levels for company share ownership by relevant Executives(1), aiming to align managerial interests to those of shareholders by assuring appropriate levels of personal investment in UniCredit shares over time. The Board approved at the end of 2011 the share ownership guidelines applied to the Chief Executive Officer, to General Manager and Deputy General Manager roles, if any, and on March 2017 extended the application to Senior Executive Vice President and Executive Vice President positions: - 2 x annual base salary for Chief Executive Officer; - 1 x annual base salary for Senior Executive Vice President - 0,5 x annual base salary for Executive Vice President. The established levels should be reached, as a rule, within five years from the appointment to the above indicated Executives categories within the scope of the guidelines and should be maintained until the role is held. The achievement of the share ownership levels should be accomplished through a pro-rata approach over a 5-year period, granting the minimum amount of shares each year, taking into consideration potential vested plans. Involved Executives are also expected to refrain from entering into schemes or arrangements that specifically protect the unvested value of equity granted under incentive plans (so called "hedging"). Such clauses are contained in all relevant incentive plan rules and apply to all beneficiaries, since involvement in such schemes undermines the purpose of limiting the risk. Any form of violation of share ownership guidelines as well as any form of hedging transaction shall be considered in breach of Group compliance policies with such consequences as provided for under enforceable rules, provisions and procedures. Local adaptations based on specific regulations and/or business shall be envisaged consistently with the global approach at Group level. (1) Considering the application, from 2016, of the new ratio between the variable and the fixed components of remuneration (which cannot exceed the limit of one third for the Material Risk Takers within Italian Control Functions, while fixed remuneration is expected to be the predominant component for the Control Functions of other geographies), share ownership guidelines are not applied to Executives who are part of Corporate Control Functions.
g) The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR. Disclosures shall include:	
1. Information on the specific performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between different types of instruments awarded, including shares, equivalent ownership interests, share-linked instruments, equivalent non cash-instruments, options and other instruments.	The variable component of remuneration is mainly determined by the Underlying Net Operating Profit as performance indicator of operative performance. The Group Incentive System provides for a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and/or shares for Material Risk Takers. The distribution of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods. For Group Material Risk Takers, the annual variable remuneration has to be deferred if it: - is above 50,000 EUR or - represents more than one third of the total annual remuneration. Below this threshold no deferral mechanisms will be applied, according to relevant regulatory indications. The individual bonus is composed of more than 50% in shares for Senior Management (1) and of 50% cash and 50% shares for the remaining Group Material Risk Takers. It is paid out over a period up to six years, ensuring alignment with shareholders' interests and malus and claw-back conditions, as legally enforceable. The balance between shares and cash is guided by the specific regulatory requirements on the matter. (1) Staff members which are Senior Management of the Legal Entities of Group MBU as well as all Executive Vice Presidents in the Group Legal Entities. This includes, regardless of the banding: Group CEO, Heads of Group Businesses/Divisions (e.g. Commercial Banking, CIB, CEE), Heads of Group Competence Lines (e.g. Group Compliance, Group Human Capital, etc.), Group CEO reporting lines and all other Senior Management roles in Group Legal Entities (as defined by Bank of Italy) receiving a significant amount of variable remuneration.
h) Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management.	
	Please refer to the tables Compensation to Directors and Compensation to Executives with Strategic Responsibilities present in the paragraph 4.1 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities of the Remuneration Report within the 2022 Group Remuneration Policy and Report.
i) Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR.	
1. For the purposes of this point, institutions that benefit from such a derogation shall indicate whether this is on the basis of point (a) and/or point (b) of Article 94(3) CRD. They shall also indicate for which of the remuneration principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration.	Derogation based on point (b): - nr. of staff members that benefit from the derogation: 349 - total remuneration: 59,714 k Eur - o/w fixed remuneration: 48,774 k Eur - o/w variable remuneration: 10,940 k Eur
j) Large institutions shall disclose the quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members in accordance with Article 450(2) CRR.	
	Please refer to the tables present in the paragraph 4.1 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities of the Remuneration Report within the 2022 Group Remuneration Policy and Report.

Template EU REM1 - Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function[1]	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	12	1	284	836
2		Total fixed remuneration	2,609	2,573	93,101	175,058
3		Of which: cash-based	2,576	2,500	79,754	157,731
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms[2]	34	73	13,347	17,327
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	12	1	284	836
10		Total variable remuneration		5,000	67,696	93,555
11		Of which: cash-based		-	35,471	54,252
12		Of which: deferred		-	13,773	16,416
EU-13a		Of which: shares or equivalent ownership interests		5,000	31,018	39,182
EU-14a		Of which: deferred		1,700	21,674	18,504
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments		-	995	37
EU-14b		Of which: deferred		-	601	15
EU-14x		Of which: other instruments		-	-	-
EU-14y		Of which: deferred		-	-	-
15		Of which: other forms[2]		-	212	85
16		Of which: deferred		-	-	-
17	**Total remuneration (2 + 10)**		2,609	7,573	160,797	268,614

Data in K Eur

Note: the fixed payments are referred at data as of 31/12/2021 for current GMRTs employed, while for the GMRTs who left the company during 2021 fixed payments are referred to the last working day. In this perspective no pro rata have been applied. the variable remuneration includes: bonus 2021 outcome, non standard compensations awarded in 2021, severance payments excluding notice period and other payments and benefit ad personam

[1] Number and remuneration of MB in Supervisory Function are pro rated as represented in Consob tables.

[2] Value related to a sub-set of benefits - accommodation, company car, health insurance, integrative pension fund, and schooling (newly inserted from this year) - assigned according to Group/Local Policies. Values are estimated, based on the costs borne by the Company to grant the mentioned benefits and includes also one off payments; amounts are net, gross only if defined as such within the Policies. For new hirings and terminated employees pro-quota values were considered.

Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d
		MB Supervisory function	MB Management function[1]	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	0	1	5	18
2	Guaranteed variable remuneration awards -Total amount	0	5000	1,463	4,520
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	0	0	1,063	4,520
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	0	4	51	14
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	0	2,719	4,489	480
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	0	0	27	29
7	Severance payments awarded during the financial year - Total amount	0	0	35,007	11,617
8	Of which paid during the financial year	0	0	14,578	3,419
9	Of which deferred	0	0	20,429	8,198
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	0	0	35,007	11,617
11	Of which highest payment that has been awarded to a single person	0	0	4,285	1,395

Data in K Eur
Note:
The severance payments awarded in previous periods includes previous years Group Material Risk Takers
The severance payments awarded during the financial year includes 2021 Group Material Risk Takers and also those that were identified in the previous year GMRT cycle but not confirmed in 2021
The severance amounts include all elements of the exit package (e.g. Indemnity in Lieu of Notice)
[1] The only individual included in this category for 2021 is the Group CEO, Mr. Andrea Orcel

Template EU REM3 - Deferred remuneration

	a	b	c	d	e	f	EU - g	EU - h
Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods[1]	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)[2]	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year[3]	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods[1]
MB Supervisory function								
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
MB Management function								
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Other senior management								
Cash-based	24,650	6,933	17,717			-	11,202	-
Shares or equivalent ownership interests	41,417	12,839	28,578			3,032	14,528	27,832
Share-linked instruments or equivalent non-cash instruments	451	301	150				842	589
Other instruments	-	-	-				-	-
Other forms	-	-	-				-	-
Other identified staff	-	-	-				-	-
Cash-based	29,099	6,078	23,021			-	23,373	-
Shares or equivalent ownership interests	33,398	19,635	13,762			8,350	25,633	36,699
Share-linked instruments or equivalent non-cash instruments	-	-	-				15	15
Other instruments	-	-	-				-	-
Other forms	-	-	-				-	-
Total amount	**129,015**	**45,786**	**83,228**	**-**	**-**	**11,381**	**75,593**	**65,135**

Data in K Eur
Note: Population in scope refers to 2021 Group Material Risk Takers
[1] Share price calculated as the average of 08/02/2022 - 08/03/2022
[2] Share price calculated as the delta between price at grant and the average of 08/02/2022 - 08/03/2022
[3] 2021 share price calculated as the average 25/02/2021 – 25/03/2021

Template EU REM4 - Remuneration of 1 million EUR or more per year

		a
	EUR	**Identified staff that are high earners as set out in Article 450(i) CRR**
1	1 000 000 to below 1 500 000	33
2	1 500 000 to below 2 000 000	14
3	2 000 000 to below 2 500 000	2
4	2 500 000 to below 3 000 000	3
5	3 000 000 to below 3 500 000	1
6	3 500 000 to below 4 000 000	1
7	4 000 000 to below 4 500 000	0
8	4 500 000 to below 5 000 000	0
9	5 000 000 to below 6 000 000	0
10	6 000 000 to below 7 000 000	0
11	7 000 000 to below 8 000 000	1

Note: remuneration includes severance payments as per REM1 table. The total number of high earners with 1 million EUR or more in 2019 was equal to 55, if including severance payments in the total remuneration

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	**Total number of identified staff**										**1133**
2	**Of which: members of the MB**	12	1	13							
3	**Of which: other senior management**				243	134	0	232	227	0	
4	**Of which: other identified staff**				54	46	0	139	45	0	
5	**Total remuneration of identified staff**	2,609.5	7,573	-	141,979	67,618	-	158,459	61,354	-	
6	**Of which: variable remuneration**	-	5,000	-	62,636	24,838	-	60,325	13,452	-	
7	**Of which: fixed remuneration**	2,609	2,573	-	79,343	42,780	-	98,134	47,902	-	

Note: remuneration data as per REM1 table
Data in K Eur

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